

**TPOLOGY OF STRATEGIC MARKETING MANAGEMENT  
FOR UNIVERSITIES-IN-TRANSITION**

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## **ABSTRACT**

The unification of the higher education system of both the UK and Hong Kong has brought traditional universities and other types of institutions into a single entity. However, important differences of status and reputation remain, particularly in respect with research. Meanwhile, socio-economic development is calling for a more highly skilled labour force and this is causing a rapidly rising social demand for university-level education. Individual universities are experiencing tension from both unification and massification. As institutions experience changes in their discourse of higher education and funding mechanisms, scanning of both internal and external environments is essential for institutions to formulate their missions and pursue their goals and objectives. These transitions call for consideration and an emergent strategic development.

The thesis reports an extensive investigation of established knowledge and recent debates on the discourse of higher education, business principles of strategic marketing management and existing practices of marketing in universities. On this basis, the researcher postulates a taxonomy of Management According to Positioning (M.A.P.) for universities to map holistically their academic programme portfolios so as to plan resources generation and effective deployment of these resources in accordance with the selected programmes without losing sight of higher education's inherent role of social responsibility and public accountability. Because of this role, marketing by universities needs to be different from other providers of services.

As competition becomes keener, there is a trend for universities to establish formal marketing organisations for income generation-related activities, such as public relations, development campaigns and student recruitment. Some universities also are starting to explore possible entrepreneurial activities more aggressively. The bureaucratic collegium of academic operations resulting from the recent trend of increasing regulatory and institutional control in fact facilitates intrapreneurship which may develop into an organisational renewal, and eventually form frame-breaking changes. The researcher proposes the framework for developing 'entrepreneurial enterprise culture' in universities-in-transition by integrating these layers of institutional entrepreneurship and marketing's humanistic, analytical, and integrative competencies.

Both old-established and recently-designated universities are selected from Britain and Hong Kong, namely University of Warwick, Liverpool John Moores University, University of Hong Kong and Hong Kong Baptist University. Each of them has a unique historical background and the resulting institutional culture, leadership and image. These case study universities, therefore, have varying marketing operations and strategic planning processes. As the objective of this research is theory construction rather than theory testing, structural constructs for developing both institutional entrepreneurship and 'reputable universities' emerge after detailed delineation of these four case study universities. These constructs indicate further research and empirical testing in the future.

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## **GLOSSARIES**

<b>ABRC</b>	<b>Advisory Board for the Research Councils</b>
<b>ACD</b>	<b>Advisory Committee on Diversification (appointed in 1978 by the Hong Kong Government)</b>
<b>ADC</b>	<b>Academic Development Committee (at HKU)</b>
<b>ATOs</b>	<b>Area Teaching Organisations</b>
<b>CAG</b>	<b>Comptroller and Auditor General</b>
<b>CATs</b>	<b>Colleges of Advanced Technology</b>
<b>CARC</b>	<b>Course Accreditation and Review Committee (at HKBU)</b>
<b>CityU</b>	<b>City Polytechnic of Hong Kong</b>
<b>CNAA</b>	<b>Council for National Academic Awards</b>
<b>CSP</b>	<b>Council for Scientific Policy</b>
<b>CUHK</b>	<b>Chinese University of Hong Kong</b>
<b>CVCP</b>	<b>Committee of Vice-Chancellors and Principals</b>
<b>DES</b>	<b>Department of Education and Science (in the UK)</b>
<b>DES</b>	<b>Department of Extramural Studies (later changed to SPACE at HKU)</b>
<b>EIG</b>	<b>Earned Income Group (at Warwick)</b>
<b>GPC</b>	<b>General Purposes Committee (at HKU)</b>
<b>HEERA</b>	<b>Higher Education External Relations Association (in Hong Kong)</b>
<b>HEFCE</b>	<b>Higher Education Funding Council for England</b>
<b>HEIST</b>	<b>Higher Education Information Services Trust (in the UK)</b>
<b>HESES</b>	<b>Higher Education Student Enrolment Statistics (of the UK)</b>
<b>HKCAA</b>	<b>Hong Kong Council for Academic Accreditation (established in 1986 to replace British CNAA))</b>
<b>HKBU</b>	<b>Hong Kong Baptist University</b>
<b>HKU</b>	<b>University of Hong Kong</b>
<b>HKUST</b>	<b>Hong Kong University of Science and Technology</b>
<b>IDO</b>	<b>Industrial Development Office (at Warwick)</b>
<b>IDRSO</b>	<b>The Industrial Development Research and Services Office (at Warwick)</b>
<b>JIJIS</b>	<b>Joint Institutions Job Information Systems (in Hong Kong)</b>
<b>JMU</b>	<b>Liverpool John Moores University</b>
<b>JUPAS</b>	<b>Joint University and Polytechnic Admissions System (in Hong Kong)</b>
<b>NAB</b>	<b>National Advisory Body for Public Sector Higher Education</b>
<b>NERC</b>	<b>National Environmental Research Council</b>
<b>PCFC</b>	<b>Polytechnics and Colleges Funding Council</b>
<b>PolyU</b>	<b>Hong Kong Polytechnic University</b>
<b>SECO</b>	<b>Senior Executive Committee (at HKBU)</b>
<b>SPACE</b>	<b>School of Professional and Continuing Education (at HKU)</b>
<b>TLQPR</b>	<b>Teaching and Learning Quality Process Review</b>
<b>UFC</b>	<b>Universities Funding Council</b>
<b>UGC</b>	<b>University Grants Committee (name used in both the UK and Hong Kong)</b>
<b>UPGC</b>	<b>University and Polytechnic Grants Committee (former name of UGC in Hong Kong)</b>
<b>WGA</b>	<b>Warwick Graduates' Association</b>

## **INTRODUCTION**

The dominant discourse of higher education in Britain has evolved from academic elitism between the mid-nineteenth to mid-twentieth centuries to the diversified instrumentalism of mass education, in the 1960 the binary system was established in which universities and the non-university sector including polytechnics and colleges were developed in accordance with the varied missions of higher education. Hong Kong, being a British colony for one hundred and fifty-six years, basically followed the British system and undergoes similar changes particularly after World War II. In the most recent decade, the prevailing philosophy of post-modern utilitarianism has infiltrated the institutions of higher education. Although it could be argued that the function of higher education institutions has always been producing graduates to meet the needs of industry, government and funding councils, and the general public, terms like “marketing”, “customer satisfaction”, “market-orientation”, and “entrepreneurial” began to emerge only in the mid 1980s when universities were forced to seek alternative sources of funds as a result of changes in government policy. The belief that universities also bear certain fundamental social responsibilities, such as providing an arena for exchange and acquisition of knowledge, and producing cultivated citizenry, inevitably causes variable levels of tension depending on the contemporary ethos. With the re-designation of polytechnics and some higher education colleges as universities the competition between individual institutions has become more overt, and thus the application of strategic marketing and “proper” positioning of the institution is becoming ever more far-reaching.

Universities today are being compelled to re-examine their systems, leadership, and strategic planning. There has had a substantial literature on marketing strategies and entrepreneurial activities undertaken in universities. Many of them, however, focus on the operational level or are piecemeal in their approaches. Others concern marketisation of higher education and expectations of social responsibilities and national economic development, but remain at the level of philosophical debate. This project is an ambitious endeavour which attempts to postulate frameworks for

universities in the transitional state from homogeneous elitism to heterogeneous mass provision to attain better holistic understanding of their own competitive edge, and in turn manage internal entrepreneurial processes for anticipating change and formulating strategies. Application of business principles to higher education is attempted firstly on the basis of an examination of the current discourse of higher education and debates about 'managerialism' and 'enterprise culture' in universities. Although marketisation of higher education *per se* is not the focus of this project, its implication for the evolution of university management is, however, an important issue when examining the responses of case study universities in Britain and Hong Kong to change in the external environment in terms of their strategic planning and market-orientated practices.

## **I. The Problem Defined**

An education system is viewed from sociology's macroscopic perspective metaphysically "as adapting to social requirements and responding to the demands of society not of people." (Archer, 1979, p.2) Dale (1989) sees education as a function of the State in capitalist societies; to contribute to meeting the economic, political, and legitimatisation needs of the State in order for it to preserve the process, context, and legitimacy of the capital accumulation process and its continued expansion. As higher education institutions produce graduates for the labour market which in turn contributes to economic development, one would argue that the changes in the higher education system in recent decades could be a result of this expectation of the public.

Public funds per student in higher education have undergone significant contraction in Britain since the 1980s. Universities have been challenged in their use of funds as well as their ability and creativity in discovering alternative sources of funds. Institutions thus are in constant tension between their mission of preserving their social responsibility in producing cultivated citizenry and the pressure of being responsive to market needs. This raises an issue of whether the accelerated momentum of market-



led movement is a permanent consequence of the evolution of society and higher education, or simply a transient phenomenon reflecting the current external environment.

Hong Kong, having been a British colony, many of its policies have basically followed the evolution of British policies for higher education but recently have progressed at a much faster pace. The differences stem mainly from the strong influences of colonialism and instrumentalism on the nature of higher education in Hong Kong. The recent re-designation of polytechnics and colleges as universities has created a similar situation in both territories where more competitors have entered into the marketplace for students and funds. The newly-designated universities of Hong Kong are undergoing similar tensions to their British counterparts as they try to position themselves with a competitive edge. Although the Hong Kong government plans to contract funding at an annual rate of three percent to funded institutions between 1998 to 2001, in contrast to Britain, the universities are not yet really in a state of serious financial stringency for much of the funds saved are being re-allocated to institutions in other forms. Some additional degree of uncertainty has, however, resulted from the transfer of sovereignty of Hong Kong to China. An increasing level of communication and collaboration among institutions between the two regions is expected.

Strategically, business enterprises have usually examined their planning from a linear, adaptive to also interpretive mode. That is, in addition to the organisation's external environments and internal operations, attitudinal and cognitive complexity of their diverse stakeholders are the main focus of the interpretive mode. The discipline of marketing itself also has had its share of evolution. Recently, scholars have been examining marketing from a more philosophical perspective. They assert that marketing should go beyond the tactical and operational. While Hunt (1991) adamantly considers marketing to be a science Day's (1992) proposition of marketing's distinctive, integrative and supportive competencies together with Webster's (1992) assertion of marketing's cultural, strategic and tactical dimensions

have drawn people's attention to marketing's contribution to strategic management in general.

Higher education is a form of provision of educational services. In Hong Kong, it has been clearly recognised that higher education is part of public services provided by the government (Griffiths, 1984; UGC, 1996). Therefore, the review on paradigms of strategic marketing for the services and, in particular, public services provides more relevant insights than those of the private profit making sector for approaching the planning of universities. A number of scholars in the marketing discipline accept the premise that services marketing has its own unique characteristics to be considered when applying concepts from goods marketing. Berry's (1991) framework for the service industries attempts to elucidate the usefulness of a marketing audit for services providers. As a start, this research conducts case study analyses on the foundation of this framework. In terms of the dimension of public services, the increasing level of public accountability of both higher education and public services calls for further discussions of strategic marketing issues in a particular context of public services which provides a reference point for future investigation in the higher education arena. Wensley's (1990) taxonomy of the relationship between suppliers and their users expands the horizon for marketing concepts and approaches. As marketing principle entails an element of user choice and decision making, the question requires further development is then 'choice of what'. Extending from this conception, this research examines the positioning of universities, their current target segments which have expanded from a dominant focus on conventional secondary school leavers to mature students for 'lifelong learning', and how they have, or have not, integrated the overall planning process and resources deployment in accordance with the realm of contextual considerations in higher education.

## **II. Delimitation of the Research**

This research aims to acquire a comprehensive understanding of the strategic planning processes and marketing activities undertaken by universities when under pressure for

change in terms of directions, functions, and even sometimes the philosophy of management and operation. Strategically, this research concerns the positioning of the university as well as its programmes and the implications for its marketing strategies. As operations in the university involve complex matrices of activities, this project concentrates on four major functions of the university, namely course development, student recruitment, research policies, and development campaigns. Although the correlation between impetuses to change and changes made by universities is not the main focus of this research, the analysis does provide insights into the extent to which these impetuses have impacted on strategic marketing management in conventional and newly-designated universities from a positivistic perspective. In addition, the research explores structural characteristics and decision-making processes in the university in order to attain a better understanding of its culture and climate in relation to a learning organisation. Such an analysis at the theoretical level is expected to function as a descriptive and interpretative tool for the refinement of the strategic marketing framework developed, based on extensive secondary research.

This research is the first of this kind that entails an extensive and intensive delineation of strategic marketing processes and management of universities and can be well grounded in the context of higher education. Therefore, a case study method is the preferred methodology, for it allows comprehensive understanding without preconceived notions and/or predetermined boundaries. As universities have their unique historical profiles that result in institutional culture whereby norms are formed, the research firstly examines the historical background of the four case study universities. On that basis, it then investigates the evolution of these universities' operation, management and planning with respect to their strategic marketing processes. It is inevitable that, as Hammersley (1992) argues, the researcher would implicate her own value on the production of the data and, consequently, inferences from the data analysis. Triangulation of both 'within-method' and 'between methods' is adopted to reflect constantly on objective reality at the level of data and description. This researcher operates according to ground rules that begin from a theoretical

perspective and then chooses methods and data in a way that they show the structural context of the interactions studied. In addition, she deduces data and identifies different emerging themes from official university documents and interviews with actors.

### **III. Scope of the Research**

Voluminous books and articles have been written about the changing discourse of higher education and its implications for the management of universities. The camp of instrumentalism as opposed to that of academicism have long argued about the purposes and even the nature of higher education. The higher education systems in Britain and Hong Kong have also undergone evolution from elitism to mass higher education as a result of the economic transition and societal development. Contemporary universities are expected not only to produce a highly qualified labour force in order to contribute to the economic growth of the nation but also to function similarly to business enterprises in terms of formulating strategies and streamlining operations to compete with an increasing number of rivals for resources, students, and even staff. Prior to examining the paradigm of strategic marketing management in universities, Chapter One provides a platform for contextualisation of the paradigm by evaluating and understanding the evolution of both the nature and system of higher education. This is important for the researcher to pre-empt the possible bias of entire delineation toward merely business principles without encompassing the unique characteristics of higher education, such as in the areas of social responsibility and the pursuit of knowledge.

Marketing discipline and strategic issues in business have experienced significant evolution in the past three decades. Chapter Two is devoted to acquire a cross-section of the development in both marketing and strategic aspects and their interfaces in business, including the services and public services industries. The symbiotic relationship between a company's marketing and strategic planning implies a complex conception of strategic marketing management. Chapter Three explores further the

current debates and propositions in respect to these topics in the domain of higher education. On the basis of the contemporary context wherein universities operate and their comprehension of theoretical foundations of strategic marketing issues, the researcher in the latter part of Chapter Three postulates a holistic typology for studying case universities' strategic management with a market orientation and a marketing audit model for conducting case analyses. The methodological considerations of this research are discussed in Chapter Four which focuses on characteristics of the research paradigm, validity of this research, and the study design of case study. Chapters Five to Eight then describe and analyse the case study universities based on the theoretical platform developed in Chapter Three. The final chapter further interprets the current context and transitional state of higher education. The emerging structural constructs of the theoretical framework integrate both the typology and findings of case studies and point to desirable basic research and empirical testing.

## **CHAPTER 1 THE CONTEXT OF HIGHER EDUCATION**

Before examining and discussing strategic marketing management of contemporary universities in Britain and Hong Kong, two fundamental issues require some understanding, namely the context in which universities in Britain and Hong Kong operate and the contrast between higher education and business with respect to their current practices in strategic marketing management. A number of changes in the system, and debates about the philosophy, aims, and purposes of higher education have been going on for decades. This chapter examines the first issue and discusses whether the accelerated momentum of market-led policies is a natural consequence of the evolution of societies and higher education stemming from a changing external environment. A foundation is therefore built for the context wherein universities may strategically plan for their future with a marketing orientation.

The term 'university' in a contemporary context represents different types of institutions with diverse missions, particularly after re-designation of some polytechnics and higher education colleges in Britain and Hong Kong to university status in 1993 and 1994, respectively. Although there are other institutions offering higher education, the discussion in this thesis concentrates mainly on the university sector. As universities play an instrumental role in producing graduates for the labour market, higher education exerts direct influence on the growth and development of the society and national economy. Voluminous studies (examples are Glennerster, 1991; Bartlett and Le Grand, 1993; Williams, Liu and Shi, 1997) have examined the issue of markets and education as well as its implication on policy planning. This thesis, however, focuses its attention on the institutional responses to the changing external environment in terms of strategic marketing, planning and the resulting tension between the strong inherent academic liberal thinking and the accelerated momentum of market-led movement.

## **I. The Nature of Higher Education**

Debates on the nature of higher education have brought concerns about whether the university is changing and what the idea of higher education really is. Some (O'Hear, 1989; Barnett, 1990) believe that liberal higher education is an "emancipatory conception" (in Barnett's term, p.28) which needs to be recovered. Barnett attempts to draw attention to the fact that higher education has been undermined in both its "epistemological axiom" (i.e. a realm of objective knowledge and recognised truths) and "sociological axiom" (i.e. institutions for maintaining and disseminating effectively episteme) (p.10). Others (Bok, 1982; Tapper and Salter, 1995; Scott, 1995) advocate universities' social responsibilities and public accountability which have wide implications on institutional autonomy and accessibility. The composite of ideas and objectives of higher education will be reviewed and investigated. Higher education is growing and evolving at least in its scale, boundaries, and orientation (Schuller, 1995). A better understanding in fundamental thinking of the content and purpose of higher education should help to contextualise strategic planning for higher education in the contemporary system. As this thesis discusses institutions from Britain and Hong Kong, this first section will begin with reviewing debates on the nature of higher education from the western perspective. The following section will evaluate the Chinese influence on ideas of higher education in Hong Kong.

### **I.1. Origin of Higher Education in Western Civilisation**

Much western thinking of higher education stems from the Greek 'Great Ideas'. Kerr (1992) examines and classifies them into one school that is represented by Socrates, Plato and Aristotle as opposed to the one of the Sophists. While Sophists "were principally concerned with supplying men to fill public posts through training in rhetoric" (p.xxi), in Kerr's (*ibid.*) view, the Socratic emphasised the method of seeking truth by a series of questions and answers. Plato argues in his book entitled *The Republic* (1971 edition) that conventional knowledge consists merely of

epiphenomena (the product of other events in the world) and illustrates his argument with an allegory of caved prisoners. Only in “the discourse of reason” (p.252) can an individual acquire “a new realm of unchanging knowledge through a long and arduous process.” Students learn not through the master’s didactic instruction but through their own mastering of the “technique of asking and answering questions.” (p.225) In other words, students acquire self-actualisation of their own good or potential through this reflexive process which is beyond just being a matter of cognitive development. The term ‘academic’ is from the Greek inspiration but ‘university’ has medieval roots (Minogue, 1973). The medieval universities reflected the dominant Sophists’ professional model of supplying men with high professional training for the state and church in medieval universities. For example, one-half of Cambridge graduates and two-thirds of those from Oxford later went to work for the Church (Sandreson, 1975).

#### **I.1.1. Contending ideas since the nineteenth century**

Erasmus (1466-1536) advocated in the sixteenth century that education is to be liberated from the Catholic Church - the “*bonae literae*” (Olin, 1987, p.viii). This new thinking of higher learning flourished later in the nineteenth century. Newman (1852) considers the university to be a place of education and knowledge to be its own end, the true and sufficient end of intellectual training. He justifies liberal education on the ground that it ultimately aims

*“at raising the intellectual tone of society, at cultivating the public mind, at purifying the national taste, at supplying true principles to popular enthusiasm and fixed aims to popular aspiration, at giving enlargement and sobriety to the ideas of the age, at facilitating the exercise of political power, and refining the intercourse of private life” (ibid., p.134).*

That is, the university offers “an intellectual enlargement” or “an expansion of the mind” (*ibid.*, p.118) and it intends to provide for “the formation of a (person’s)



character" (*ibid.*, p.105) that is developed by "the cultivation of the mind." (*ibid.*, p.110) The purpose of higher education then is

*"to open the mind, to correct it, to refine it, to enable it to know, and to digest, master, rule, and use its knowledge, to give it power over its own faculties, application, flexibility, method, critical exactness..." (ibid., p.112)*

and to basically prepare students to "fill any post with credit" (*ibid.*, p.134).

Minogue (1973) later develops this English tradition of liberal education to an extreme by arguing that universities should not be "the frontiers of knowledge" or pre-eminent places for "advanced" studies. Instead, they should be unusual combinations of 'advanced' work by means of the continuous rethinking and restatement of many things which are commonly taken for granted. While Newman asserts that educating youngsters to become cultivated citizenry is useful to society, Minogue disputes this functionalistic assertion and argues for the remoteness of academic from practical concerns.

Humboldt asserted a new idea of the university when founding the University of Berlin in 1809. In his view the task of the university is to

*"approach the discovery of truth and knowledge in all fields on the basis of scientific principles, joining the rational and empirical traditions to form the basis of modern scientific research."* (in Kerr's words, 1992, p.xxi)

Jaspers (1947), on the other hand, proposes distinguishing research from teaching where research is the foremost concern of the university due to the fact that truth is accessible to systematic search. As truth must also be transmitted, the university's second concern is teaching. Truth that is transmitted, according to Jaspers, should be something more than simply bare facts and skills. Rather, similar to Newman's advocacy, it must

*"aim for formation of the whole man, for education in the broadest sense of the term."* (p.21)

In addition to producing cultivated citizenry, Jaspers (*ibid.*) urges the university to be society's "intellectual conscience" (p.132) or as termed by Max Horkheimer, "the critical appraisal centre for the society", (according to Wyatt, 1990), which echoes Newman's belief of the inherent social responsibility of higher education. That is, the university functions as a means achieving the aims

*"at raising the intellectual tone of society, at cultivating the public mind, at purifying the national taste, at supplying true principles to popular enthusiasm and fixed aims to popular aspiration, at giving enlargement of sobriety to the ideas of the age, at facilitating the exercise of political power."* (*ibid.*, p.134)

After World War II, the general direction of the evolution of society, particularly for its more intelligent members, is and continues to be towards greater and greater individual awareness and self-reliance (Niblett, 1974). This trend toward individualism and utilitarian ideas has induced prevalent ideas of education as being instrumental for enabling individuals to identify and meet their own needs, rather than being an end in itself (Slee, 1989). These needs, according to Niblett (*ibid.*), have been driven by socio-economic development, rapid advancement of science and technology, and a wider shift in intellectual and scientific culture. Higher education is no longer the pure quest for knowledge but the pursuit of scholarship that enhances individuals' career endeavours.

Ortega y Gasset (1946), being a "proto-existentialist" (as termed by Kerr, 1992, p.xi), believes that each person should have an opportunity, and even a duty, to direct his or her own life. He proposes a "general culture" in higher education that allows students to acquire the repertory of convictions that become the effective guide of their existence. Different from the one taught in the medieval university - "an ornament for the mind or training of the character" as described by Kerr's (1992), this general culture is, according to Ortega (1946),

*"the system of ideas, concerning the world and humanity, which the man of that time possessed."* (p. 27)

Ortega's assertion of having common subjects of humanity in higher education is echoed by the ideas of some scholars of the late 1980s. Those scholars argue that learning of humanistic subjects in universities should be parallel with collaboration between higher education and the world of work. For example, Wilson (1989) considers it to be beneficial for institutions to develop students with proper appreciation of the humanistic aspect of lives in general and a sense of civil responsibility in addition to technical skills. He suggests that institutions should integrate elements of humanity and morality into their programmes for, as he described,

*"the development of an educated society with a common set of languages of discourse with which to debate and in which to decide the public issues of the day." (ibid., p.43)*

This common set of languages of discourse includes humanities related areas, such as philosophy, history, literature, and communication. Similarly, O'Hear (1989) argues that the essential role of the university should be one that

*"...brings specialist knowledge into effective relation with informed general intelligence, humane culture, social conscience and political will." (p.27)*

However, Ortega (1946) considers people have a "scarcity of the capacity to learn" (p.41). Therefore, the university does not need a continuous expansion and growth of the curriculum by research.

*"The profusion of cultural and technical possessions is such that it threatens to bring a catastrophe upon mankind, in as much as every generation is finding it more nearly impossible to assimilate it" (ibid., p.43).*

By adopting the pedagogical doctrine of parsimony in planning courses, he suggests a process of systematisation and synthesis of what is already known along with a central core of the curriculum relating to the 'general culture'. Kerr (1992) considers that Ortega's 'general culture' transcends national boundaries or time limitations and could fit to various extents into different national systems of higher education.

According to Kerr (1982), this emerging trend of a utilitarian conception of higher education is typified by the modern American university system which merges German intellectualism and American populism. A modern national university must accommodate itself promptly to significant changes in the character of the people for whom they exist. In addition, he advocates effective use of knowledge for

“...knowledge is durable, it is also transferable. Knowledge costs a great deal to produce, less to reproduce. Thus it only pays to produce knowledge if through production it can be put into use better and faster.” (*ibid.*, p.124)

Bok (1982) also argues that, although the primary obligation of higher education is to search for truth, universities should seek to use their resources in a manner that is reasonably responsive to social needs because much of their funding required for their very existence comes directly or indirectly from the taxpaying public.

#### **I.1.2. Multiversity - a changing idea of higher education?**

Responding to rapid social and economic development, universities seem to have become something like Flexner's (1930) “Modern University” which is a complex of

“secondary schools, vocational schools, teacher-training schools, research centres, ‘uplift’ agencies, and businesses.” (p.179)

Kerr (1982) later introduces the concept of ‘multiversity’ that integrates several communities with varying missions and objectives along a continuum. These communities included those of undergraduate, the graduate, the humanist, the social scientist, the scientist, the professional schools, all the non-academic personnel, and the administrators. The edges of these communities within a multiversity are obscure. These multiversities reached out to alumni, legislators, farmers, businessmen, who are all related to one or more of those internal communities. Kerr (1982) provides a blueprint for the idea of multiversity based on his personal experience in managing one. He proposes that a multiversity is a complex of Newman's idea of a university (chiefly the humanists, generalists and undergraduates), and Flexner's idea of a

Modern University (supported by scientists, specialists, and graduate students). The practitioners of the idea of a multiversity, on the other hand, are mainly the administrators, many of the faculty members, and the leadership groups in society at large. It seems that this trend is influencing British universities' organisational structures, their management, and the discourse of higher education. Barnett (1990) argues against the concept of the 'multiversity' because it presents increasing incoherence within institutions of higher education. These institutions have competing missions of service, scholarship, military and commercial research, access and income generation. But, most importantly, they have no single sense of direction. The challenge to executives of these multiversities when formulating institutional strategies is to be able to identify their ideas of higher education and intended target segments'. They are required to integrate plans for the overall development of their respective institutions on the basis of their target customers' demand and respective universities' expectations.

Table 1.1 summarises ideas of higher education postulated by major scholars during the course of development of Western civilisation. As society progresses, the ideology of higher education evolves on a spectrum from liberal education on one end to utilitarianism and instrumentalism on the other. That is, higher education has been considered as a quest for knowledge, truth, rationality, intellectuality and cultivation in various forms. It has also been considered as a means to acquire capabilities for self-actualisation and guide for self-existence. The objectives of higher education, however, reflect not only the ideology of ideas but also contemporary sociological discourses and economic development of the society.

**Table 1-1 Summary of Ideas of Higher Education in the Western Culture\***

PERIOD	ADVOCATOR	IDEAS	OBJECTIVES
<b>Greek</b>	<b>Plato (1971 edition)</b> (similar to Socrates & Aristotle)	A reflexive process of examining acquired knowledge (a new realm of unchanging knowledge) Continuous achievement of rationality and intellectuality	Self-actualisation of an individual's own good or potential
	<b>Sophists</b>	Useful knowledge	Supplying men to fill public posts through training in rhetoric
<b>Medieval</b>		An ornament for the mind Training of the character Participative learning and inquiry	Autonomous institutions of professional training for the state and the church Personal advancement and prestige in social status
<b>Nineteenth Century</b>	<b>Humboldt (Kerr, 1992)</b>	Discovery of truth and knowledge in all fields on the basis of scientific principles	Forming the basis of scientific research by joining the rational and empirical traditions
	<b>Newman (1852)</b>	Knowledge is its own end An intellectual enlargement	Training for leadership Liberal education for preparing cultivated citizenry to fit any post with credit
<b>Twentieth Century</b>	<b>Ortega y Gasset (1946)</b>	"General culture" as a guide for individual existence	The transmission of culture Teaching of the learned professional Training for political leadership Research and preparing for future investigators
	<b>Jaspers (1947)</b>	Systematic search of truth (research) Transmission of the discoveries	Research being the primary objective of the university Formation of the wholeman in addition to providing 'isolated service skills' Elitism on the ground of intellect and ability
	<b>Minogue (1973)</b>	Knowledge as a form of contemplation	Academic inquiries without being concerned with matters of practicality The university having its own academic identity steered by 'the compass of academic'
	<b>Kerr (1992)</b>	Knowledge is durable and transferable through production in order for knowledge to be better and faster used	Conception of multiversity (with several integrated communities on a continuum) being productive to the national economy

\* This table was compiled from the writings of Barnett (1990) and Kerr (1992) for the Greek and Medieval periods, and from the 19th Century onwards from the original authors.

## **I.2. Ideas of Higher Education in Hong Kong**

Hong Kong became a British colony in 1842 and has since developed a culture of its own under the influence of both Western and Chinese cultures. The current idea of higher education in China and Hong Kong has basically developed from the Western ideas infiltrated to China from as early as in the sixteenth century. The pretensions to universality of European Christian civilisation challenged the Chinese literati's idea of Chinese culture being the only one capable of controlling and sustaining the universe (Bastid, 1987). Not until the later stage of Ch'ien dynasty, did the power of Western science and technology impact on Chinese intellectuals bringing doubts about the conventional idea of higher learning in China. This section starts with a brief review of Chinese Confucianism and Neo-Confucianism which have deeply rooted in the Chinese tradition and follows by examining the Western, in particular, the British influences on the idea of higher education in Hong Kong.

### **I.2.1. Traditional Chinese ideas of higher learning**

The fundamental guiding influence in Chinese society is the philosophy of Confucius (551-479 B.C.). *The Great Learning*, being one of the *Four Books of Confucianism*, has been interpreted as "higher education institutions" by *Li Chi*; "principles of higher education" by Lai et al. (1988), and "education for mature people" by Chu Hsi (Kelleher, 1989). The object of higher education, as indicated in *The Great Learning* is "to illustrate illustrious virtue; to love the people; and to rest in the highest excellence" (Legge's translation, 1971, p.356). The method for the attainment of this object then can be considered from the aspects of self-cultivation and governance of a nation (Lai et al., 1988):

*"Self-cultivation begins with investigation of things as well as quest for knowledge, sincerity, and integrity; whereas the governing aspect begins with regulating one's own family, ordering the State, and then illustrate illustrious virtue throughout the nation which will eventually be brought to a condition of happy tranquillity."* (my translation)

The contemporary concept of dynamic external environment has long been considered by Confucius when he comments that the universe is an ever-changing environment and the only way people can live in this environment with undiminishing efficiency is their fondness for learning which cultivates the person to be a superior man or a ruler of the people. However, fundamentally, Confucius advocates (*ibid.*) that

*“to be fond of learning is to be akin to wisdom...He who knows...how to cultivate his own character knows how to govern other men. By knowing how to govern other men, he knows how to govern the empire with its States.”* (p.60, my translation)

Mencius (372-289 B.C.) teaches the same basic Chinese and human ethical system found in *The Analects*. He, however, speaks more analytically about economic and political problems as he was surrounded by the Taoists who attempted to remind men that behind the everlasting change and sufferings of life lay something real and permanent. *Meng Tzu* (or *The Sayings of Mencius*) discusses Confucian philosophy from a more pragmatic perspective and on topics like metaphysics, psychology, human nature, ethics and political theory. Mencius was officially recognised as the only true continuer and terminator of Confucius' own stock after Buddhism with its worldly philosophical analyses took root in China. The literati then made a new statement of Confucian orthodoxy which is known as Neo-Confucianism.

Confucian thinkers in post-Mencius era until the early eleventh century promoted the integration of education into the moral improvement of an individual as a social being (Zürcher, 1989). The terms *hsüeh* “study” and *chiao* “teaching” have strong ethical implications. They refer to a total process of acquisition and interiorization of the norms of “the right way of life” to the study and memorisation of texts that exemplify those norms, and at the highest levels of “study”, to the creation of an elite class whose members - either as local leaders or as administrators - are qualified to further the application of this “study”. These elitists aim to combine the much more



comprehensive ideal of moral training and ideological manipulation of the mass of the people.

Chu Hsi is an important Neo-Confucianism advocate in the Sung dynasty who had a significant influence on China's idea of education after Confucius. He has published two major texts of Neo-Confucianism, namely *Reflections on Things at Hand* in 1173 and *Elementary Learning* in 1187, and compiled and edited the *Four Books*. Chu Hsi reasserts the family as well as the public realm as the fields for action. However, he tried to imbue the Confucian household with some of the spirit of the monastery.

*"For the monastery offers a model both of community discipline, with its daily regimen and simplicity of lifestyle to which all had to adhere, and personal discipline, with its emphasis on meditation and self-reflection."*  
(Kellerher, 1989, p. 250)

Consequently, his idea of education was that although the primary field of activity of educated men is social, they should possess a sense of selfhood that goes beyond these roles. These men exhibit great spiritual depth and inner resources, achieved through their efforts at self-cultivation.

This approach to education of the early Sung shifts its emphasis from the acquisition of classical knowledge to the spiritual discipline of self-cultivation; or from "information" to "transformation" in Tu's term (p.149). The promoters of Neo-Confucianism therefore develop the core curriculum of Confucian education on the basis of self-cultivation and redefine all major categories of Confucian concerns in terms of this central vision.

*"Literature is to enrich the life of the mind. But if pursued as an end itself, or worse, as a frivolous pastime, it becomes an external thing that can harm one's determination to learn to become a sage."* (ibid., p.150)

The adverse effect of the Neo-Confucianism on economic and scientific developments in China has been far-reaching. A plausible hypothesis is that it was responsible for the purported intellectual, political, and social failings of traditional societies in the nineteenth century.

### **I.2.2. The idea of higher education in the modern period**

The infiltration of western civilisation into China started as early as the sixteenth century by the fathers of the Society of Jesus (Bastid, 1987). Western knowledge about educational practices reached China through Catholic missionaries in the eighteenth century. For centuries, neo-Confucianism had been the leading ideology and its institutionalisation in the examination system also set an environment less conducive to intellectual flexibility. In contrast to the traditional purpose of education which is to train government officials, following the introduction of western ideas, many new views emphasised the importance of vocational education which contributed to training people to earn a livelihood and to promoting economic activities. The need for professional educators calls for professional training with the principle of pedagogy (Bastid, 1988). This emphasis on specialisation is in contrast to the ideal of Confucian generalists whose influence on society should be derived from moral example rather than acquaintance with practical techniques.

British educational influence in the nineteenth century reached China as a by-product of her imperialist role in the region (Davin, 1987). In the last years of the nineteenth century, the classics of British liberal thought helped to shape the ideas of leading members of the Reform Movement. Those Chinese leaders had the conviction that the power and wealth of western nations are associated with their economic and political evolution. The key to a similar achievement in China should therefore be western learning. The aim of education in the Manchu dynasty was to make loyal subjects of those who go to school and to inculcate in them ideas of loyalty to the emperor, honour for Confucius, high estimation for the warlike and respect for that which is practical. Later under the Republic Government, it has been conceived as a means of cultivating virtuous or moral character in the young (Djung, 1977). The education law says

*“the moral training is to be supplemented by an industrial and military education and rounded out by an aesthetic education.” (p.52)*

After signing the Treaty of Nanjing in 1842, Hong Kong officially became a British Colony. The existence of Hong Kong as a British colony provided additional channels for British cultural and educational influence (Davin, 1987). The idea of higher education in Hong Kong has evolved closely with changes of Hong Kong's social and political environments. Although it has been under strong influence of the British discourse, the main thrust of ideas has basically developed from the utilitarian perspective of Confucian as well as the western civilisation. Higher education institutions in Hong Kong have essentially been responding to demands of the labour market and within the framework of producing professionals and technologists who are of practical use to society and as such they must be marketable (Cheung and Luis, 1988). The aspect of liberal thinking and quest for knowledge and truth as their own ends has, however, not been the main stream of thinking.

## **II. Evolution of Higher Education System**

When attempting to discuss strategic marketing planning for universities, it is important to understand the context in which the system is operating. The first question then is how this system has been developed and second how it has been changed. Higher education systems in Britain and Hong Kong operate in a capitalistic context. According to Dale (1989),

*"the functions of the State in capitalist societies are ... in fact objectively given by the imperatives of the maintenance and reproduction of the conditions of existence of the capitalist mode of production." (p.26)*

The education system in this context is expected to produce graduates for the labour market which in turn contributes to economic development. Therefore, one would argue that the changes in the higher education system in recent decades could be a result of this expectation of government. When social spending on education grows faster than the economy, it becomes increasingly difficult for the education system to maintain its existing level of provision and hence to legitimate themselves through the value they provide. The following section will examine the evolution of higher

education systems in both Britain and Hong Kong in response to the dynamic forces which are formed by implications of the capitalistic process. This understanding will set the stage for future discussion of the strategic marketing aspect of institutional planning.

## **II.1. Britain**

The university began in the twelfth century as a collection of intellectual endeavours - editing, collecting, systematising - culminating in bands of scholars setting up *studia generalia*. This *generalia* signifies universality of these *studia*. The two centres that became the models of later foundations were Paris and Bologna (Minogue, 1973). Many others succeeded rapidly and such a network stretched in Europe from Spain to Poland and Bohemia. Scholars in Paris and students in Bologna banded together into a legal corporation, and consequently acquired the term *universitas*, a term that could be used by any kind of legal associations. Toward the end of the Middle Ages, universities developed into the embryonic form of today's university with regard to its name, organisation, and management. Those embryonic universities in Britain that can be recognised today were founded in the late eleventh century onwards, such as Oxford between 1167 and 1185; and Cambridge in 1209. Each university had, at that time, close links with the Church but was permitted to form a self-governing community of scholars. Prior to the late nineteenth century, universities were communities of students and masters jointly linked by apprenticeship ties and received no financial support at all from central government funds.

Apart from Oxford, Cambridge and four ancient Scottish universities of Edinburgh, Glasgow, Aberdeen, and St. Andrews, British universities are the product of the nineteenth and twentieth centuries. The majority of these universities were created to meet new intellectual demands stimulated by the growing elaboration of science, vocational demands of a rapidly industrialising economy, and social demands produced by the development of a liberal democracy. As Scott (1984) indicates, universities in the nineteenth century were part of a modern society and instrumental

for modernisation of Britain. Many of the universities during that period were established by lay society and financially dependent upon philanthropy, industrial sponsorship, and student fees. Consequently, they were subservient to industrial and other lay benefactors with Oxford and Cambridge being an exception due to their longevity, financial independence and social eminence. Although there were considerable concerns about the lack of scientific research in British universities compared with their German counterparts in the late nineteenth century, the government continued its “laissez-faire capitalism” policy and provided intermittent government funds only for institutions with worst financial crises between 1888 and 1919 (Williams, 1995).

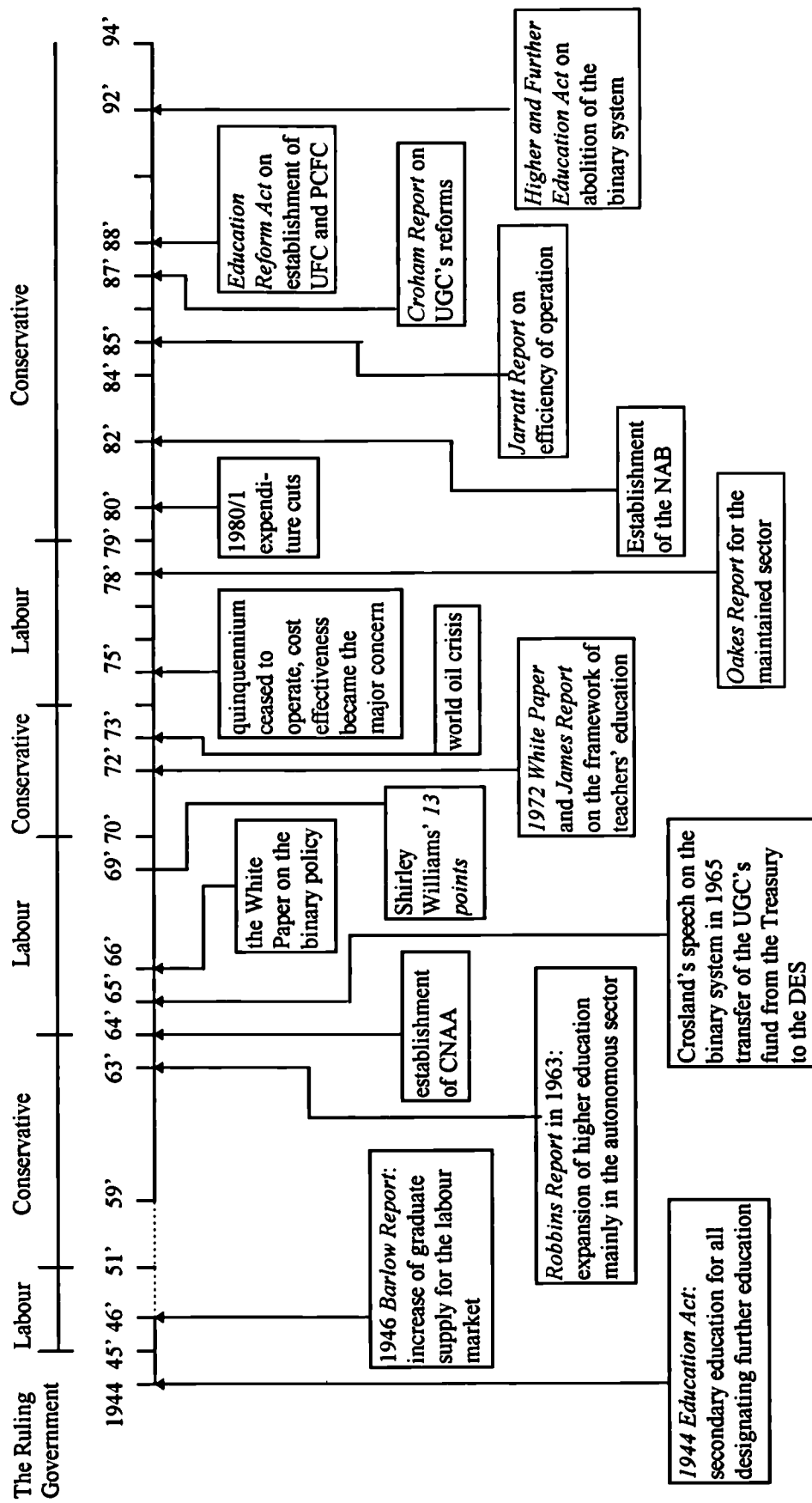
The higher education scene began to change after the first world war. Most universities experienced serious financial difficulties at the end of the war. This financial crisis called for governmental resolution. The changes in the funding system and socio-economic development considerations post both first and second world war resulted in issues of concerns like public funding to universities, institutional autonomy, and political intervention. However, rapid changes in British higher education system did not happen until the Robbins Report (1963). Figure 1.1 depicts major events in higher education corresponding to changes in the political environment after the Second World War. The following section reviews those changes prior to the 1960s.

### **II.1.1. Universities before the Robbins Report (1945-59)**

The Government established the University Grants Committee (UGC) in 1919 so as to channel funds to universities through this intermediary body between the Government and universities. The objective was to protect universities from political intervention and parliamentary scrutiny of their financial or academic affairs for

*“the academic and financial autonomy of universities is the best guarantee of the intellectual freedom of academic staff.” (Williams, 1995, p.2)*

Figure 1-1 Major events in higher education corresponding to political environment in Britain post World War II \*



\* Compiled by the author from the studies quoted in Section II.1.

Governmental funds then constituted on average no more than 30 per cent of institutional recurrent income. The other sources of income were student fees which accounted for 35 per cent, and the rest were donations, contributions, income from investments, and limited amount of externally funded research income (*ibid.*).

Britain's need for educated manpower after the second world war was reflected in both the 1944 Education Act and the Barlow Report in 1946. The Act called for an increasing number of full-time pupils up to age eighteen. This mentality resulted in increasing the supply of student seeking places in universities. The Barlow Report, on the other hand, recommended increasing the number of university students for the labour market. The government started in 1945 to fund universities generously and, in the meantime, gave universities a maximal level of autonomy. By 1951 the government funding accounted for two-thirds of the university income. Whilst the age participation rate (APR) increased from 1.67 per cent before the war to 3.23 per cent by 1948/49, the staff-to-student ratio continues to improve from 1:10.2 in 1939 to 1:8.6 in 1952, and then to 1:7.2 in 1957 (Becher and Kogan, 1992).

This post-war expansion in higher education, however, resulted in tension between the academic elitism and the societal need for educated manpower. During that period of time, scholars in general advocated missions for the university as being the educator of political, administrative, and professional elites who in most cases function as generalists rather than highly skilled workers in specific fields (Ortega, 1946; Jaspers, 1947; Scott, 1984). As autonomous institutions, universities were reluctant to increase their enrolments because of the prevailing elitist belief. The belief was that if more than about 5 per cent of young people entered universities there would be unacceptable declines in their academic quality (Williams, 1995). Even the fourteen new universities which were added to the UGC list between 1952 to 1962 perpetuated a conservative, elitist, Oxbridgean image of university education (Shattock, 1994).

During the same period, many colleges of advanced technology with a more technical and vocational orientation recruited increasing number of secondary school leavers

that resulted from the 1944 Education Act. They offered mainly full-time and sandwich advanced work with degree-type qualifications, including postgraduate work and research. Their graduates, unfortunately, were perceived to be at lower educational and social strata than that of their university counterparts. Even the UGC then resisted to the notion of technological universities because of their perception of questionable quality of graduates produced by these colleges. Universities, Teacher Training Colleges, and advanced further education colleges were not treated as a single system. It was not until the Harold Macmillan's Government which appointed Lord Robbins the chairmanship for the Committee of Enquiry into Higher Education did higher education begin to be treated as an integrated system for providing various programmes for vocational training, adult learning in more flexible modes in addition to the conventional education for producing cultivated citizenry (Edward, 1982; Moser, 1988).

#### **II.1.2. Higher education in the post Robbins era (1963-70)**

The Robbins Committee was established in 1961 during a period of rapid expansion of higher education post World War II. Increased recruitment from the industry called for institutions to produce graduates to meet more diverse intellectual needs. The Committee's terms of reference (Robbins, 1963) were:

*"To review the pattern of full-time higher education in Great Britain and in the light of national needs and resources to advise her Majesty's Government on what principles its long-term development should be based, whether there should be any changes in that pattern, whether any new types of institution are desirable and whether any modifications should be made in the present arrangement for planning and co-ordinating the development of the various types of institutions."*

Prior to the publication of their report, the Committee conducted extensive surveys of higher education systems both domestically and internationally. The preoccupation of its members with liberal values was reflected in their formulated objectives of transmitting a common culture on the standard of citizenship in order to produce not



specialists but cultivated persons with the general powers of the mind through learning by teaching and research.

Based on its principle of wider access, the Committee made 178 recommendations for eventually achieving the expansion of student numbers by 258 per cent between 1963 and 1980 with an immediate growth of 50 per cent in the quinquennium 1962-67 in order to accommodate the demand of the post-war babyboom (Stewart, 1989). Williams (1995) grouped their expansion strategies in four strands:

*“expansion of existing universities, building of completely new universities, redesignation of the leading further education institutions as universities (intended to be an ongoing process as more and more institutions “matured”) and placing the teacher training institutions under the academic tutelage of universities.” (p.4)*

As noted, the expansion was planned to be in universities and university controlled colleges. However, there were various difficulties that impeded the implementation of these strategies.

The Robbins Report was published under a Conservative government in an environment of optimism and growth. The principle of operation then was to ensure

*“courses of higher education ... be available for all who are qualified by ability and attainment to pursue them and who wish to do so.” (p.8)*

According to Robbins' recommendation, by 1980 there would be eighty-eight per cent of students in autonomous institutions including universities and university-based colleges of education and the rest in the public establishments whose qualifications were accredited by the Council for National Academic Awards (CNAA). There were also a new Ministry of Arts and Science and a reformed UGC (Stewart, 1989). After the publication of the Robbins Report in October 1963, the Labour Party replaced the Conservative Party in October 1964 and took over its implementation.

The Labour government rejected Robbins' recommendation for a separate Minister for Arts and Science but agreed with Robbins' recognition of the fact that the “laissez-faire” approach to university finance is no longer viable as the number of students and

institutions increased rapidly and the funding responsibility should be removed from the Treasury (*ibid.*). The funding responsibility was later transferred to the new Department of Education and Science (DES) established in April 1964. From that point forward, universities were no longer free from the Parliamentary scrutiny. Instead, they needed to compete with schools and colleges for the education budget and, were required to show more financial accountability. In the late 1960s, Parliament further required university accounts to be opened for examination by the Comptroller and Auditor General (CAG). Although universities at that time were still lavishly funded, this policy aroused the universities' to an outcry of infringement of academic autonomy and freedom.

The sentiment in early 1960s in regards to development of higher education seemed to be mixed. Whilst Robbins recommended basically a university-led expansion (Becher and Kogan, 1992), the UGC expressed their view of minimising the work on the movement of the further education system into the universities. Mr. Antony Crosland, as the Minister of State for Education, proposed the binary system in 1965. This system, he claimed, was to continue the virtues of both the tradition of the autonomous principle of the universities and the structure of the publicly maintained regional colleges and colleges of education (Stewart, 1989). The binary policy had the objectives of pluralism, vocational relevance, comprehensiveness with both full-time and part-time courses, social control, and social justice and mobility. Mr. Crosland interpreted Robbins' proposal of the hierarchical arrangement as a dual system on the basis of the 'ladder' principle where universities were at the top with others down below. Therefore, the resulting binary system was not a dichotomy of two homogeneous sectors. Instead, it became a plural system consisting of a homogeneous group of universities, some technical universities (former CATs) which retain their distinctive missions from other universities, and a heterogeneous collection of institutions which had diverse types and missions (*ibid.*).

The other pressure for the promulgation of the binary policy was the powerful political opposition of local authorities. These local authorities prided themselves on their achievement of providing a comprehensive education service by their advanced

further education institutions. Individual councillors also considered personally sitting on the governing body of a local college as bringing prestige (Williams, 1995). When addressing an audience at Lancaster University, Mr. Crosland asserted that the maintained sector would be more responsive to meeting local and regional needs of higher education (Stewart, 1989). In May 1966, Mr. Crosland presented to Parliament *A Plan for Polytechnics and Other Colleges* in which he consolidated nearly 200 colleges of various kinds and designated 26 (later 30 in all) major centres throughout the regions to be polytechnics for students of mainly full-time higher education in order to concentrate resources (DES, 1966). These polytechnics were expected to expand more than the universities on a lower capital allocation and from a lower baseline over the period of 1967-75.

The government's White Paper (*ibid.*) claimed "parity of esteem" for universities and the non-university sector with the intention of indicating their "different but equal" status. However, students and employers perceived polytechnics and colleges to have an inferior image because of the fact that: 1) they were 'teaching only' institutions when prestige depends on research; and 2) their degrees had to be 'validated' by the newly established CNAAC following university traditions, practices and criteria. The CNAAC's quality guarantor's role was in reality being perceived as "the badge of second class citizenship" (Williams, 1995, p.8) for graduates from the non-university sector. Consequently, the initial principle of "parity of esteem" prompted differentiation and eventually stratification of the higher education system in Britain. Universities at the top were free to determine their own field of academic activities and standards whereas polytechnics and colleges did not have the right to grant their own degrees and yet they should be "under the social control and directly responsive to social needs" by providing vocational training within more financial constraints.

### **II.1.3. Prelude to the financial contraction in the 1980s**

Two years after Margaret Thatcher took office as Secretary of State, the Government published its 1972 White Paper, *Education: A Framework for Expansion* following a wide ranging policy review. The paper provided unprecedentedly a synoptic assessment

of overall education systems in Britain and dwelt primarily on matters of scale, organisation, and cost rather than educational content (Stewart, 1989). The DES used an unprecedented strong tone to instruct the UGC on academic matters and to announce plans for various aspects of higher education, such as the growth in postgraduate numbers and how many students should be in which discipline. Mrs. Thatcher also tackled two other major areas relating to higher education, namely research funding for universities and emerging education training in the maintained sector.

Since 1950s, British universities had institutionalised the link between teaching and research through the dual funding system (Williams, 1995). Research in universities was publicly funded from three sources, namely the UGC's block grant, research councils and individual government departments. The government in 1970 accepted the recommendation of the Council for Scientific Policy (CSP) to review the relationship between the research councils and the DES and to assess the most effective arrangements for organising pure and applied scientific research and postgraduate training. Although the Rothschild Report during the same period challenged pure science, medical science and the Royal Society establishment and utilised the analogue of customer/contractor to illustrate his recommendation on the funding for applied research not pure research, CSP and its successor, the Advisory Board for the Research Councils (ABRC), considered this customer/contractor principle was irrelevant for universities. The dual funding arrangements were left intact until the turbulent 1980s.

As a result of continued concerns and dissatisfaction with the organisation and supply and training of teachers, the DES under Mrs. Thatcher set up the James Committee in 1971 to examine related issues, including the current arrangement, the content and organisation of courses, the target for the courses, and the role of colleges of education with respect to other higher education institutions (James, 1972). The Report indicated that the system was no longer adequate for its purpose and proposed three cycles with two years in each cycle to replace the current three-year training course. The 1972 White Paper supported main objectives of James Report in

organisational reform and demolition of the Area Teaching Organisations (ATOs) but considered the proposed methods to be 'more controversial'. The Labour government later abolished the ATOs after taking power in 1975 and teacher education eventually lost its

*"separate identity and become part of advanced further education in the maintained sector."* (Stewart, 1989, p.189)

By the time of the Oakes Report on the *Management of Higher Education in the Maintained Sector* appeared in 1978, it was a common understanding that whatever government was returned to power in 1979 it needed to review the public sector. The Oakes' initiative of a National Body for receiving bids for money and reviewing academic programmes for institutions in the non-university sector paved the way for the Tory government to plan for its version of the National Advisory Body in 1982.

The OPEC initiative to control the supply and raise the price of Middle East oil and the wars in that area produced both a financial and energy crisis in the Western world in 1973. Prior to this crisis, the funding to universities had remained generous (Williams, 1995). The quinquennium of 1967-1972 was the zenith of the UGC quinquennium grant system and university income rose by 50 per cent in real terms for that period when at the end of 1967 the student number increased to 184,000 and nearly 24,000 academic staff in universities (Becher and Kogan, 1992) with a staff-student ratio at the record low of 8.0 in 1972-74 (Stewart, 1989). When the quinquennium ceased to operate in 1975, after the third year of the period of 1972-77, universities started to feel the financial crunch more strongly. From 1975 onwards, the options available for universities to vary their priorities within the limits of the block grant were withdrawn. Instead, cost-effectiveness became a major concern. Priorities and capital investment for higher education institutions were more closely scrutinised. Moreover, all means of effecting economies were examined at this time. Shirley Williams put forth her *13 points* in 1969 as the Minister of State at the DES but received a cold shoulder treatment from the CVCP which raised a good deal of criticism from both local authorities and the DES. In summary, Williams suggested

student loans to either replace or substitute student grants; limitations of the range of employment for grant-aided students; part-time and correspondence courses in universities; shortening degree programmes to two years for able students; an option of two-year diploma courses for less able students; and measures for more economic and efficient use of university facilities and staff, such as increases in staff/student ratios, more home-based students and more loan-financed accommodation (*ibid.*). It took several more years for most higher education institutions to respond. In fact, many of these propositions were eventually being considered after universities experienced a more stringent financial crunch under the Thatcher government.

#### **II.1.4. Higher education under Thatcherism**

When Mrs. Thatcher took office as Prime Minister in 1979, she was determined to bring public expenditure under control. The Government undertook strategies to privatise many nationalised industries, to reduce basic expenditure on national and local government staff, and to apply efficiency, economy, and standards which were three watchwords of Sir Keith Joseph who became Secretary of State at the DES in 1983. As higher education was seen as making significant claims on public funds, the Government reduced recurrent grants through the UGC. As Stewart (1989) commented,

*“the relationship between the government and the UGC from 1979 onwards changed from being, according to the Robbins proposals, based on a demand from candidates appropriately qualified, to being cash-led on annual aggregate Treasury allocations to the UGC as cash limits without later supplementation.” (p.223)*

The total reduction in recurrent grant was on average approximately 13 per cent between 1981-82 and 1983-84. In addition, the government imposed on universities a full cost fees policy for foreign students in 1980.

When the government initiated contraction of public spending in higher education in 1979, the UGC believed that equivalent reductions in student numbers in universities

would help to retain the quality of higher education. Universities were therefore forced to recruit students within an imposed quota which was proportionate to the reduction in income so as to keep costs per student almost constant. From the findings of an evaluation in July 1981, the UGC decided to apply the policy of selectivity by imposing differential cuts between universities based on their popularity with students, their research success and their subjects' and disciplines' 'relevance' to the national economy. Some suffered a thirty per cent reduction while others experienced virtually no drop in their income (Stewart, 1989, Williams, 1995). In contrast to their university counterparts, the non-university sector responded to the 1980/1 expenditure cuts differently due to their spare capacity resulting from the stagnating student demand of the 1970s. The polytechnics and colleges increased their student enrolment and in turn reduced unit cost of higher education which was in line with the aspirations of the Government. The National Advisory Body for Public Sector Higher Education (NAB) was established in 1982 to retain the local authority control of polytechnics and colleges and, in the meantime, to provide a mechanism for central co-ordination of funding. This was the first time that the non-university sector was able to have a unified voice.

The UGC and the NAB co-operated in preparing *A Strategy for Higher Education into the 1990s* which advocated as a major principle that courses should be made available for all those who could benefit from them and who wished to do so (UGC, 1985). This principle deviated from the Robbins' suggestion of providing courses for only those who are qualified by ability and attainment. The NAB conceded that universities are responsible for the bulk of post-graduate full-time and research provision whereas the public sector deals mostly with the part-time and non-degree courses. In addition, the UGC signalled in the same report a fundamental shift for greater selectivity in the allocation of UGC resources based on effectiveness in research (Shattock, 1994). This paved the way for future new funding formula used to differentiate between institutions in respect to research excellence.

After being re-elected into power with a huge parliamentary majority in 1983, the Conservative government was ready for a more long-term strategy for public

expenditure on higher education (Williams, 1995). The 1985 Green Paper put forth mainly the propositions in *A Strategy for Higher Education into the 1990s*. The 1987 White Paper entitled *Higher Education - Meeting the Challenge* incorporated the 1985 Green Paper and a series of substantial reports on a wide range of topics related to higher education between 1982-87. Example of these reports are: a) the Leverhulme Reports in 1983 on staff, policy leadership, wider clientele, teaching quality and diversification of funding sources for higher education; b) the Jarratt Report in 1985 discussing efficiency of operation in areas like accessibility and diversification of higher education, quality of teaching and research, and policy as well administration leadership; c) the Reynolds Committee's final report in 1986 on academic standards in universities and student supervision as well as assessment; and d) the Croham Report in 1987 on the reform of the UGC including its down sizing, reduced academic membership and a three-year planning cycle for funding. The 1988 *Education Reform Act* announced the replacement of the UGC and NAB by the UFC and the PCFC respectively, relieving polytechnics and most higher education colleges from local authority's control and granting them a legal status equivalent to that of the universities. Consequently, these new Funding Councils were under more direct control by the government who appointed the members for these Councils and invited industrialists' input by appointing a lay Chairman for each Council. They in turn assisted the Government in ensuring institutional accountabilities to allocated public funds.

#### **II.1.5. Mass higher education in the 90's**

Although the DES projected in 1975 a contraction of student recruitment from 1985 onward due to a smaller pool of school leavers (Davies et al., 1989), the Government's 1991 White Paper entitled *Higher education: A New Framework* indicated the government's plan for rapid expansion with a target of 'one in three' young people aged between 18 and 21 participating in higher education by the year 2000. It proceeded to implement this policy. The expansion in the early 1990s was



contributed by not only the regular secondary school leavers but also students from special access schemes, European Union, and the mature segment. Of course, the change in funding mechanisms facilitated this expansion as the government removed 20 per cent of core funding from the Funding Councils and used this amount to subsidise students of their direct payment to respective institutions in 1989. Institutions responded to this change by recruiting as many full cost students as allowed and then as many 'fees only' students as they could (Williams, 1995). While the Government was able to achieve lower unit cost with this policy, it also incurred increasing amount of spending on higher education through the student grant scheme for "fees only" students. By 1993-4, 30 per cent of all young people were entering higher education. The Government then instituted a consolidation policy in order to maintain the participation rate of young people at just over 30 per cent through to 1997-8.

*The Higher and Further Education Act* of December 1992 ended the binary system by abolishing the CNAAs and re-designated polytechnics and colleges of higher education with more than four thousand students to university status. This Act also merged the PCFC and UFC into a unified Funding Council for the whole of higher education in England, Wales, and Scotland. The Funding Councils were expected to allocate funds on the basis of their assessment on the quality of teaching and learning in individual institutions. The 1988 and 1992 Acts, according to Williams (1995),

*"changed fundamentally the nature and model of British higher education, ...[it] is now unequivocally a mass system and the problems it faces are problems of mass higher education, essentially how to manage such competitive concepts as academic standards, research excellence, diversity, access opportunities and equity." (p.18)*

In order to answer the call for increasing social accountability and expanding access to higher education, the mass higher education system embodies plural as well as compatible uses but different representations or meanings (Scott, 1995). Scott describes mass systems as heterogeneous in sociological terms and heterodox in

intellectual ones. The recent trend of mass higher education materialises Ortega's (1946) projection almost half a century ago:

*"Life was entering into the full swing of the new capitalism, which recent inventions had made possible: life was consequently assuming a new and appalling complexity, and it was exacting a greater and greater equipment of technics. Accordingly, along with the necessity for learning a quantity of things quite beyond the capacity to learn, pedagogy was promptly intensified and expanded to meet the need."* (p.41)

The Government is now encouraging rather strongly a model in which institutions compete in the academic market place. By means of a set of explicit and directive funding policies, it imposes on institutions with respect to their student recruitment, institutional self-accreditation and evaluation, resources re-allocation for research, development of institutional entrepreneurial activities and attitudes, and efficiency and managerialism. Institutions and their 'basic units' are becoming more accountable by linking funding to performance assessment. There may be a danger of forced conformity unless institutions themselves venture the institutional diversity which, in fact, has been promoted as a highly desirable feature of the higher education scene (Rigby, 1995). The multiversity concept of universities calls for an integration of variant sectors within a university planned to meet opportunities of selected segments in the academic community. However, as Williams and Fry (1994) indicate, the trend is actually toward convergence with almost all universities trying to expand their presence in both research and access courses and to increase their range of subjects and facilities.

## **II.2. Hong Kong**

As early as 1027-771 B.C. schooling in China had been institutionalised in Western Zhou dynasty (Hong Kong Museum of History, 1993). Schooling at that time was merely a privilege of the noble class for their future ruling positions in the government. Traditional education in China, nevertheless, is usually associated with the civil service examination which was first established in Sui Dynasty (581-618

A.D.) for allowing youngsters from all classes to have an equal opportunity to be government officials. Degree-holders enjoyed unprecedented honour and prestige at the Court and in society at large.

The Northern Sung (960-1279 A.D.) was a critical period in the institutional history of Chinese education. It was the first time that the Chinese government attempted to institute a comprehensive national network or system of government schools and to implement the ancient ideal of recruiting the “talented”, in a Confucian, intellectual, and moral sense, from the educated (Lee, 1989). Although there were official schools (*guanxue*) and academies (*shuyuan*), the government basically devolved education into the hands of local communities (Bastid, 1988). As the civil service examination was important for youngsters to attain state posts and social status, the design and content of literary education became more oriented toward the examinations. By the early twelfth century it had become obvious that serious thinkers and teachers would have to take up the issues of how to verbalise time-honoured values, ponder the basic values of education, and express them in a new vocabulary (Lee, 1989). The system remained unchanged for the following few centuries. Not until the early sixteenth century, did western thinking start to infiltrate Chinese society through foreign missionaries (Bastid, 1987). There developed more private establishments for western learning in general, beginning in the eighteenth century (*ibid.*).

Later, the impetus for educational reform in China was basically defeat in wars with foreign powers, both Western and Japanese. In the mid-nineteenth century high officials of the Ch’ien dynasty began such a reform movement by building arsenals to produce modern weapons and establishing military training schools (*ibid.*). Students were sent abroad, mainly Europe, to study military techniques and navigation. This movement experienced serious resistance from conservatives in the Court but eventually led to the establishment of a national school system in 1904 and abolition of traditional civil service examinations in 1905.

Residents in the New Territories of Hong Kong received their first success in the Civil Service Examination back in the Sung Dynasty. After becoming a British colony in

1842, the Western influence in Hong Kong later highlighted more evidently China's backwardness which was attributed by a number of Chinese reformers to her political system. The most notable figure was Dr. Sun Yat-sen who claimed in his speech to students of Hong Kong University that he developed his revolutionary ideas in Hong Kong when he was studying at its medical school (Harrison, 1962). However, Hong Kong was far from being an educational model for China for its school system grew slowly, and like its British counterparts, developed as a hybrid public/private system (Davin, 1987). Higher education institutions were established primarily to satisfy the public's (both the church and the government) needs which evolved from the training ground for Chinese clergy in the mid nineteenth century to the alma mater for Hong Kong elites in the early to mid twentieth century (Hong Kong Museum of History, 1993).

### **II.2.1. Development in the twentieth century**

In contrast to the traditional purpose of education which was to train government officials, many new views emphasised the importance of vocational education which contributed to training people to earn a livelihood and to promote economic activities. The need for professional educators called for professional training with the principle of pedagogy. This emphasis on specialisation was in contrast to the ideal of Confucian generalist whose influence derived from moral example rather than acquaintance with practical techniques. In order to guarantee employment of graduates, especially those from average-income families, educators made a concrete effort to develop vocational instruction so as to make education more responsive to economic needs, to solve the unemployment problem, and to avert the risks of excessively abstract education (Bastid, 1988).

In the early 1900s, China was in a state of chaos, politically and economically. The abolition of the Civil Service Examination in 1905 and the establishment of the modern school system in China led to an increase in the number of Chinese student seeking Western education abroad. Many foreign countries also took the opportunity

to enhance their influence on China and in turn strengthen their stake in China by promoting modern universities.

In recognising this trend and to fill this important political need of the British government, the Hong Kong government founded the University of Hong Kong (HKU) in 1912 with its benefactors mostly businessmen from the territory (Harrison, 1962). Sir Frederick Lugard, its first Chancellor, argued that the University should be regarded as an imperial asset with a responsibility to provide higher education for both Hong Kong and China, limited financial support from either the Hong Kong Government or the local business community was forthcoming (*ibid.*). Consequently, the university system in Hong Kong developed rather slowly. HKU had been the only government-recognised tertiary educational institution up to 1963. The number of its graduates grew gradually from 28 in 1922 to 364 in 1933 and to 600 in 1941 (Devin, 1987). In addition to having insufficient capacity to meet the demand from secondary school leavers in Hong Kong, the official medium of instruction being English created another significant entry barrier for graduates from Chinese middle schools locally (To, 1965). Many Hong Kong students went to China for higher education.

When the Communists took power in the Mainland in 1949, the number of Hong Kong students studying in China decreased dramatically. To meet the market demand for higher education, many Chinese post-secondary colleges were established as a result but without the government's recognition and in turn funding. In 1957, the Chinese Colleges Joint Council which comprised several colleges was established to lobby with the government for a Chinese university. Consequently, the Chinese University of Hong Kong (CUHK) was inaugurated in 1963 (Chan, 1966). The government later established Hong Kong Polytechnic (HKPoly) in 1972 from the former Hong Kong Technical College to meet the market demand of vocational training through full-time, sandwich, part-time day-release and part-time evening programmes (Government Secretariat, 1981). Similar to the British binary system, the courses offered by Hong Kong Polytechnic were validated by the British CNA which later was replaced by Hong Kong Council for Academic Accreditation (HKCAA) in 1986.

#### **II.2.1.1. Elitism in higher education**

The Hong Kong Government followed the example of the British University Grants Committee and established the University Grants Committee (UGC) in 1965 to advise it on the amount of finance required to develop or sustain any level of higher education activities and the allocation of funds among the institutions by means of triennium block grants. This machinery was expected to stimulate universities to develop according to the community's interest as well as their own and to allow the Government to have better economic use of the university potential - an ideal tripartite partnership of Government, the Committee, and the university. The UGC was later re-named the University and Polytechnic Grants Committee (UPGC) to reflect the inclusion of the Hong Kong Polytechnic within its purview. Prior to 1978, only HKU, CUHK and HKPoly were funded by UPGC. The 1978 White Paper, *The Development of Senior Secondary and Tertiary Education*, marked the beginning of the government's more active role in developing higher education.

After the publication of the 1978 White Paper, the Government appointed the Advisory Committee on Diversification (ACD) in 1979 to review higher education in Hong Kong. The Committee was concerned with the current higher education targets which were found to be insufficient to produce skilled and/or professionally trained personnel, particularly in the technological field, to meet the demand of the potential students and the needs of the economy. They suggested that technical institutes should achieve greater flexibility to respond to the needs of industry and that Hong Kong's manpower should be upgraded through part-time adult learning.

This 1979 working group recommended that technical and vocational education should be expanded to meet the economic demand with only a modest expansion of general education to meet the growing social demand for all forms of tertiary education. The members also expressed concern about the danger of "de-humanised" (Government Secretariat, 1981, p.99) forms of vocational education. Despite public pressure for more places in higher education, the position of UPGC then was to increase the Age Participation Rate (APR) from 3% to merely 4% in the

1981-84 triennium but remain the same for the 1984-87 triennium (Government Secretariat, 1981). Meanwhile, the Government encouraged studying overseas, particularly in Britain. The Government instituted an emergency loan scheme for Hong Kong students who had already enrolled in recognised first-degree (or equivalent) courses in Britain to meet the sharp increase in tuition fees under the Thatcher's government. In addition, a longer-term scheme of financial assistance was established for students intending to embark on tertiary courses in Britain.

Hong Kong being a colony under the British sovereignty, its 'state authority' had autocratic power over 'academic oligarchy', in Clark's (1983) terminology. Higher education in Hong Kong was treated as one of the government's public services (Government Secretariat, 1981) and was meant to fulfil the demand of the labour market to ensure smooth economic growth in the territory. The market exerted its influence on higher education through the Government. The Grants Committee in turn formulated directions for institutions and reinforced them by means of the funding mechanism. The individual institutions then allocated the block grant internally according to its guidance. Grants and interest-free loans for needy students were extended from two universities to HKPoly in 1976-77 and have since been increased as the Government recognised the over-riding demand for up-to-date and continuing management training in the industry, as it was in the process of diversifying into new processes, products, and markets (Government Secretariat, 1981). Hong Kong's socio-economic development in the 1980s and its role as an international financial and business centre demand for more professional expertise. As a result, in addition to inclusion of Hong Kong Baptist College (HKBC) as a government-subsvented degree conferring institution in 1988, higher education in Hong Kong has experienced an accelerated expansion with establishment of City Polytechnic of Hong Kong (CityPoly) and Hong Kong University of Science and Technology (HKUST) and inclusion of Lingnan College within UPGC's purview in 1991 (Hong Kong Museum of History, 1993).

### II.2.1.2. Higher education in transition

Higher education institutions in Hong Kong experienced another major change in their external environment with the signing of *The Sino-British Joint Declaration on the Future of Hong Kong* in Beijing on December 20, 1984. The signing of this document indicated the transfer of Hong Kong sovereignty from Britain to People's Republic of China in 1997. Morris, McClelland and Yeung (1994) argued that the expansion of higher education in Hong Kong in the 1980s was more political than required by the labour market. This expansion resembled the processes of expansion in Britain but within a much shorter time span. Parallel to the binary policy in Britain in the 1970s, the UPGC's Report for the 1985-88 Triennium (1988) clearly indicated different missions for each of its funded institutions:

*"The universities concentrate on first and higher degree work, with a strong emphasis on scholarship and research. The Polytechnics are comprehensive institutions of higher education, offering a range of programs from higher diploma (and in some cases Diploma and Certificates) to postgraduate degrees. They have a marked bias towards vocational and professional education. The Baptist College is developing as a liberal arts institution with a vocational bias, which will ultimately provide qualifications predominantly at degree-level." (p.3)*

Further to this report, the UPGC in its 1992 report clearly stated that three universities are research institutions, polytechnics are the vocational training institutions, and two colleges are liberal arts teaching institutions.

With regard to the transition of sovereignty from Britain to China in 1997, many issues have been discussed in the *Joint Declaration*. Although the policies for the development of higher education were not explicitly discussed or recorded in any of the sections, some guidelines were implied in Section X, Culture and Education (Yee, 1986):

*"The Hong Kong Special Administrative Region shall maintain the educational system previously practised in Hong Kong...including policies regarding the educational system and its administration, the language of instruction, the allocation of funds...(to) provide a sound basis for Hong Kong to continue to develop an educational system which will ensure that*



*the population will have the skills and expertise required to enable Hong Kong to maintain and improve its position in the fiercely competitive economic and trading environment within which Hong Kong operates.”* (pp. 2-3)

After July 1997, Hong Kong's role in overall Chinese economic development has become more relevant and is considered important by governments as well as by industry. In addition to the policies retaining the status quo from the 1988 report, the UPGC (1993) in its *Interim Report for Higher Education 1991-2001* promoted research postgraduate programs for preparing future academic staff and providing the labour force upon which staff research depends with the justification that

*“as Hong Kong industry tends to import the results of basic research, post-doctoral labour will be in demand for the industry to have the expertise to evaluate the usefulness of others' research.”* (ibid., p.6)

Due to the possible competition from universities in Southern China after 1997, the Grants Committee believed that higher education institutions in Hong Kong should

*“incorporate centres of excellence having local, regional and international functions. They should provide very high quality bilingual manpower for both Hong Kong and the mainland and should act as points of reference, particularly in Business and Social Studies and in innovative science and technology for development in Southern China and more widely”* (ibid., p.7)

and the Government should urgently formulate policies to facilitate these processes.

Therefore, the UPGC stipulated also in this Interim Report the proposed mission statement that it would

*“encourage and reward excellence in each of the institutions' activities, including teaching, research, and other scholarly activity in accordance with its specified role and mission.”* (ibid., p.6)

Although there were no explicit guidelines on how the scholarly activities were being evaluated and rewarded in terms of funding, the signal was clear that higher education institutions needed to develop new orientations on their own initiative in order to

strive for excellence in this competitive higher education community, particularly after the re-designation of HKPoly, CityPoly and Baptist College to university status in November 1994. Whether the differentiation among institutions as stipulated in the UPGC's 1993 Interim Report remains a guiding principle or requires further scrutiny by individual institutions is a central theme of this research.

### **III. The Platform Developed for the Research**

Debates on the idea of higher education in the western civilisation have split participants into basically two camps (referred to Table 1.1). One advocates liberal education where knowledge is its own end, a form of contemplation and a continuous process of achieving intellectuality. The other focuses more on the utility of knowledge and in turn education for producing labour force with 'adequate' competencies to meeting the demand of the nation and the society. These two views receive varying degrees of acceptance depending on the contemporary ethos of the society and economic situations of the nation. The former had been the mainstream of British higher education tradition until the period of financial contraction with more stringent regulatory control since the 1980s when utilitarian ideas and instrumentalism became the driving force.

The analysis in this chapter observes that the system of higher education is continuing its purpose of producing manpower for the labour market, from clergy in the Medieval to managerial personnel today. One can argue that universities have always played an important part in national economic development. As discussed in Section II.1., many British universities in the nineteenth century were established by lay society and were instrumental for modernisation of Britain. When the government provided only minimal financial aid to universities, it exercised little regulatory control over higher education. After the second world war, the government recognised the need for trained manpower and the contribution of higher education for the nation's economic development. Consequential to this realisation of the government and its lavish financial support to the post-war expansion, the system of higher education has

to evolve to one that emphasises the discourse of instrumentalism and utilitarianism due to the changing economic and political environments in Britain in the latter part of the twentieth century.

The colonial Government expected higher education in Hong Kong to contribute directly to the development of the territory's economy by providing graduates to meet the demand of the labour market. This ideology of utilitarianism reinforces the Chinese philosophy of pragmatism and instrumentalism advocated by Confucius and Mencius. The Neo-Confucianists' idea of self-reflection and self-cultivation which is close to Plato's self-actualisation and Newman's intellectual enlargement and the cultivation of the mind has been neither stipulated in policy papers nor advocated by literati in Hong Kong. Evolution of the system, on the other hand, resembles that of the British system. Therefore, it is important for the researcher to examine universities from both systems as the lessons learnt by British universities may shed some light on their Hong Kong counterparts.

Different from Hong Kong's situation where higher education has always been under regulatory control, British government recognised that the 'laissez-faire' approach to managing universities is no longer viable when it started to bear a heavier financial burden after the post-war expansion. Universities therefore began to be under Parliamentary scrutiny since government instituted a new DES in 1964. As shown in Figure 1.1, higher education in Britain has undergone monumental changes in accordance with a number of governmental policy papers, examples are 1963 *Robbins Report* on expansion, 1966 *White Paper* on the binary policy, *Jarratt Report* on efficiency of operation in such areas as accessibility and diversification, 1988 *Education Reform Act* and 1992 *Higher Education and Further Education Act*.

Today, while both British and Hong Kong governments are proposing decentralisation of accountability down to the cost centres within each institution, the monitoring of performance and allocation of resources have actually become more centralised at the institutional level. Contemporary universities (both old and newly designated) have more functions to fulfil than used to be the case as a consequence of a series of socio-

economic transitions and recent technological advancement. They are expected to be high quality and cost-effective institutions providing for the advancement of knowledge, the pursuit of scholarship, the education of students for their vocational endeavour as well as opportunities for lifelong learning. These institutions play a vital role in fulfilling the needs of the marketplace. Their target segment has expanded from age 18 to 22 group to more mature students (mostly the part-time mode) on all walks of life with the motives in career advancement or simply self enhancement. The tension between the market and academic oligarchy could therefore be intensified due to the government's funding mechanism and its policy of mass education. Academic institutions are forced to become more customer-orientated, including students and employers in addition to the funding council which 'purchases' places on behalf of students.

The history of higher education reveals the fact that universities have been constantly in transition for the past centuries. They survive by constantly adjusting to the changing political, economical, and social environments. The external phenomena of rapid expansion and changing funding mechanisms in the early 1990s are outcomes of the universities' efforts to contribute to the national economy. These external impetuses cause their internal adjustments, including entrepreneurial practices for income generation, managerial roles of senior executives in administration as well as academic affairs. In addition, experiences with polytechnics and open universities have brought modularisation of courses and broadening of degree courses' curricula to conventional universities for allowing graduates to acquire 'transferable skills'. These universities-in-transition are in constant tension to, on one hand, retain as much academic autonomy and liberal discourse of higher education as possible and, on the other, to adopt more market-led strategies in order to survive in a turbulent economic and political environment with rapid technological advancement. Wagner (1995) indicates that problems faced by higher education in the mid-1990s

*"arise from a system which has become mass in its size but which remains elite in its value." (p.21)*

Scholars in both Britain and Hong Kong suggest a diversity of institutions to satisfy these more diverse intellectual needs rather than relying on the internal flexibility and adaptability of the university tradition. Some even argue that recent changes might have changed the meaning of the term 'university' to Kerr's (1992) concept of multiversity which integrates liberal tradition of the "a whole man" education of secondary school leavers with utilitarianism and consumerism in adult learning. In any case, it is clear that the "donnish domination" (Tapper and Salter, 1992) has been suppressed dramatically by increasing managerialism in universities resulting from changing patterns of finance imposed by the funding council. Conventional elitist universities, such as Oxford and Cambridge in Britain and University of Hong Kong, are gradually becoming part of the system of higher education and are no longer separated operationally or functionally from "the diversities and pluralities of outside society" (Niblett, 1974) as much as they used to be or they would like it to be.

When a university or its programme is in a near dominant market position in attracting quality students, it might be able to present a coherent package of education to students. When, on the other hand, institutions are at lower ranks in the League Table, owing to their less competitive position in the market, they are forced to become more responsive to their target customers' needs. Some of the British universities that have suffered from low student intakes may experience greater pressure to consider the market-led principle in operation. Universities in Hong Kong at the current stage, on the other hand, have sufficient supply of students to be able to maintain their programmes. Their main concern is the quality of their intakes. Marketing in the higher educational context is no longer just promotional campaigns for student recruitment exercises. Instead, it involves institutions' understanding and determinat their competitive position which can be quite different for conventional as opposed to newly-designated universities and in turn their overall strategic marketing management. This research focuses on universities' micro management issues responding to the macro environment. It examines how the selected universities cope with changes in external environments and discusses issues of multi-facets of target customers and their resulting strategic marketing practices in the current higher

education context. By doing so, the researcher attempts to provide recommendations to the overall planning of universities-in-transition with a marketing orientation.

## **CHAPTER 2 STRATEGIC MARKETING MANAGEMENT IN BUSINESS**

Before examining contemporary practices of strategic marketing management in universities, this chapter will discuss marketing contributions to strategic management in business and current strategic marketing management practise in business. Marketing concepts have evolved from the traditional model of product orientation to customer orientation over the past few decades. Two separate Sections are therefore devoted to the discussion of the evolution of marketing and strategy individually. Since the main function of universities is to provide educational services to students and to supply educated manpower to industry on behalf of the state, the latter part of this chapter focuses the discussion on strategic marketing management for the public services industry which shares with higher education a number of important values and attributes.

### **I. Development of Strategic Management**

The idea of “strategy” arose from military as early as 550 B.C. (Chaffee, 1985). Consistent with its military use, strategy requires an advance plan, the resources for implementing the plan, and the mechanism of detecting signs of problem in order to modify the plan. Chandler (1962) first uses strategic planning in the business context. Ansoff and Hayes (1976) later advocate the change from strategic planning to strategic management with the rationale that strategic planning may exclude some dimensions which are important for maintaining a viable relationship between the organisation and its environment - notably, psychological, political, and implementation factors. They refer to strategic management as a complex socio-dynamic process for strategic changes.

Strategic planning is defined by Kotler & Murphy (1981) as “the process of developing and maintaining a strategic fit between the organisation and its changing

marketing opportunities.” (p.471) In order to ensure the achievement of the goals with necessary programmes and efficient and effective procurement of resources, planning involves not only the prioritisation of goals but also certain flexible adaptive processes (Dyson, 1990). Hence, strategy is both multidimensional and situational, and the making of it entails conceptual as well as analytical exercises. Planning strategies have evolved in their primary focus from prioritisation of pre-determined goals (the **linear strategy model**) to flexible adaptive processes to develop a viable match between the external environment and an organisation’s capabilities and resources (the **adaptive strategy model**) as efficient and effective procurement of resources is required due to growing competition. The more recently emerging model emphasises attitudinal and cognitive complexity among diverse stakeholders in the organisation (the **interpretive strategy model**) (Chaffee, 1985; Dyson, 1990; Maassen and Potman, 1990).

Pearson (1990) advocates strategic thinking which requires an awareness of an alternative strategic framework for coping with critically different environments. Due to the ever-changing economic and competitive conditions, the roles, functions, and driving forces, that marketing can provide for, needs to be redefined constantly. Maassen and Potman (1990) hence suggest strategic thinking with a marketing orientation for paying attention to marketing decision-making in addition to operational and tactical aspects for developing a system which is applicable to this dynamic environment.

Strategic management for public service providers, in particular, has in the past operated on the premise of a linear strategy model in the way in which organisations concentrate in their budgetary planning and the achievement of the planned goals. The fact that the marketplace today is much more dynamic and the resources are much more limited has caused decision makers to rethink their strategic management processes. An adaptive strategy model therefore becomes a commonly adopted one due to its merit of placing emphasis on the environmental considerations which interacts with goals of an organisation and the corresponding strategy (Schendel, 1985; Reichel and Preble, 1989). The limiting factors then are the flexibility of the



organisational structure as well as operational capabilities and the acceptance as well as co-operation of the stakeholders. The principles of interpretive strategy model have therefore emerged to treat and manage these factors by allowing the organisation and its environment to be understood by organisational stakeholders who then are motivated to work toward achieving the organisational goals.

## **II. Evolution of Strategic Marketing Management**

Marketing as a discipline has had much evolution in its concepts and development in its practices over recent years. The orientation of marketing in business has evolved from the traditional model of product orientation, the exchange model of sales orientation, to the adaptive model of customer orientation (Kotler and Andreasen, 1991). During each phase, the operating principles change accordingly. Although the fact that the adaptive model is currently more emphasised, other models are still being utilised interchangeably or together. More recently, the concept of total quality marketing has been promoted particularly for customer-centred products and service providers that marketing management should participate not only in formulation of strategies and policies to ensure total quality excellence but also in delivery of marketing quality as well as production quality (Kotler and Armstrong, 1994).

### **II.1. The process of strategic marketing**

The conventional strategic marketing management processes comprise basically four major categories: 1) situation analysis; 2) goal setting, 3) strategy formulation, and 4) implementation and control (Doyle and Newbould, 1980; Gardner and Thomas, 1985; Pearson, 1990; Kotler and Andreasen, 1991). These elements of the process are considered under the guidance of the pre-determined corporate mission and objectives. Since the 1970s, an organisation and its environment have been considered by most scholars as in an open system as stipulated in the adaptive strategy model. SWOT analysis, or sometimes termed differently, such as TOWS by Weihrich

(1990), is the time-worn framework for situational analysis of Strengths and Weaknesses of an organisation and Opportunities and Threats of its external and competitive environment. Both of these aspects of environmental scanning used to be considered more for the means (policies and plans) over the ends (purpose, mission, goals, and objectives) (Ansoff and Hayes, 1976; Schendel, 1985).

Nowadays, scholars have by and large recognised the interface between business goal formulation and environmental scanning and have emphasised the scan for both the ends and the means achieving them (Weihrich, 1990; Kotler and Andreasen, 1991). As for the strategy formulation, there are various models useful for the well-structured strategic marketing problems and situations, such as product life cycle (PLC), profit-impact-market share (PIMS), Boston Consulting Group (BCG) model, and Porter's competitive model (Pearson, 1990; Gardner and Thomas, 1985; Porter, 1980). Whilst the BCG model examines product positioning and industry potential, the PIMS model focuses more on profit generation. The major critique for the assumption of these models is that they consider many environmental and market features uncontrollable while overlook the managerial initiatives, enterprise, and creativity which are critical to explaining performance differences within industries (Varadarajan et al., 1992).

## **II.2. Marketing contribution to strategic management**

The role marketing plays in an organisation has been the subject of many debates among scholars. Some treat it as one of the functional areas, like finance (Schendel, 1985). Armstrong & Reibstein (1985) argue further that marketing merely represents a subset of decisions examined by corporate planners and there is questionable value of the use of formal planning for marketing strategy for it might hamper creativity, reduce flexibility, or lead to apathy among those excluded from the planning process. As marketplaces are becoming more dynamic and competitive, many advocate that marketing should be considered as a frame of mind or a science which comprises not only the tactical approaches but also the philosophy of operations which, in fact, should be the starting point of strategic management for an organisation (Litten, 1980;

Chaffee, 1985; Gardner and Thomas, 1985; Maassen and Potman, 1990; Pearson, 1990; and Hunt, 1991). That is, the involvement of strategic marketing management in strategic management of an organisation is expanded from being at the functional level (Kotler and Murphy, 1981; Kotler and Fox, 1985; Schendel, 1985), the business level (Kotler and Andreasen, 1991; McDonald, 1992), to the corporate level by incorporating marketing concepts in the determination of corporate mission and objectives (McKenna, 1991; Day, 1994).

After systematically analysing the two disciplines, Biggadike (1981) concludes that the strategic marketing management paradigm overlaps with the one for strategic management to a considerable extent. Both of them are concerned with the environment which influences customers and marketing decision variables, like the four P's (product, price, place, and promotion). [Note: The concept of these four variables has been challenged for "the four P's (are) misleading in the sense that they imply static distinctions." (Day and Wensley 1983, p.81)] Biggadike's analysis also finds that marketing theories contribute to strategic management mainly in five aspects, namely marketing concept, market segmentation, positioning, mapping, and the product life cycle. Day (1992) agrees with this view but argues for more significant contributions of the marketing discipline to the theory and practice of strategy. He specifies three levels of potential contributions within a broadened view of marketing:

1. **Distinctive competencies.** Marketing as a function or discipline is the unchallenged expert from the aspects of strategy.
2. **Integrative competencies.** Marketing here takes the lead role in a multi-discipline or multi-function approach to an aspect of strategy content or process that is primarily integrative in nature.
3. **Supportive competencies.** Marketing makes a useful contribution but does not provide the dominant perspective.

Scholars from this school advocate broadening of the strategic competencies of marketing in overall strategic planning toward an 'integrative paradigm' (Day and

Wensley, 1983) with the rationale that marketing has a wider strategic capability for identifying long-term issues so as to make decisions that would change the character, balance or direction of an organisation (Day and Wensley, 1983; Day et al., 1990). Webster (1992), in his article entitled "The Changing Role of Marketing in the Corporation", identifies three distinct dimensions of marketing - culture, strategy, and tactics - to be found in each level of strategy, i.e. the corporate, business, and functional or operating levels. Among these three dimensions, 'culture' is the element which has drawn the most attention in examining the changing role of marketing in a corporation.

*"Marketing as culture, a basic set of values and beliefs about the central importance of the customer that guide the organisation (as articulated by the marketing concept), is primarily the responsibility of the corporate and business-level managers." (ibid., p.10)*

A marketing audit model discussed in the following Section assists an institution to evaluate and understand to what extent it has implemented marketing concept across-the-board.

### **II.3. Marketing audit**

The marketing audit concept began to emerge in the mid 1950s and has been discussed mostly in the management literature for business and industry. Shuchman (1959) initially focuses on the "marketing operation" and defines a marketing audit as

*"a systematic, critical, and impartial review and appraisal of the total marketing operation: of the basic objectives and policies of the operation and the assumptions which underlie them as well as of the methods, procedures, personnel, and organisation employed to implement of the policies and achieve the objectives." (p.11)*

Mokwa introduced an organisation-wide scope of the marketing audit in 1986 and defined it at that time as

*"a systematic, objective and comprehensive formative evaluation (examination and appraisal) of an organisation's market mission and policy*

*system, and of its market dynamics, position, programmes, performance and potential.” (p.88)*

Mokwa's study highlights the valuable role marketing audit plays in diffusing marketing knowledge throughout an organisation and it is more in line with the contemporary view of the marketing's contribution to organisational adaptation (examples are Biggadike, 1981 and Day, 1986; 1992; and 1994). Later studies on companies that have completed marketing audits reveal some common problems of lack of relevant data and friction between auditors and company personnel.

Numerous insights have been developed on how a marketing audit could be undertaken in a business context. Basically, they suggest marketing environments, strategies, organisation, systems, productivity, functions and basic financial analysis (Wilson, 1982; Kotler et al., 1989). Further studies specifically conducted in service industries indicate a need for the context-specific marketing audit for there are numerous differences in marketing orientation and practices among service firms that can be categorised by their customer types, bases of services, the nature of the service act and the type of relationship the organisation has with its customers (Thomas, 1978; Lovelock, 1983; Zeithaml et al., 1985). Berry et al. (1991) integrate many of the important factors in services marketing and develop a generic framework entailing marketing orientation, marketing organisation, new customer marketing, existing customer marketing, internal marketing, and service quality for conducting a marketing audit of the total marketing operation in the services industry. For many services, the service producer interacts directly with its customers. Without customers' participation, any service producer cannot perform the service for them. The inseparability of service production and consumption results in “on-site” production whenever and wherever customers visit the service producer. For most service firms, it is their primary goal to turn employees who have direct customer contact into marketers. Grönroos (1983) therefore suggests distinguishing the marketing department from marketing functions. The marketing department is in a position to facilitate marketing practices and market orientation throughout the entire

organisation rather than to merely perform marketing functions for that organisation. When conducting the marketing audit for an organisation, understanding perceptions of internal stakeholders and the market orientation of the entire organisation becomes an important task.

### **III. Paradigm of Strategic Marketing for Public Services Providers**

Universities in both Britain and Hong Kong are mainly public-funded. Similar to other public service providers, universities in Hong Kong have always had public accountability. Their British counterparts are gradually encountering the same market forces when they are expected by the government to be an important mechanism for producing skilled labour force for the national economic development. Both universities and public service providers today are expected to have good quality services with cost-effective operations. Therefore, this Section examines strategic marketing issues for public services so as to set the scene for future discussions in the higher education context.

#### **III.1. Attributes of services industry**

Many marketing scholars accept the premise that services marketing is in certain ways different from goods marketing due to the service characteristics of intangibility, simultaneous production and consumption, heterogeneity, and perishability (Zeithaml et al., 1985). The 'product' in the service industry is non-material and physically intangible, that is it is largely embodied in the interaction between people in an organisation and its customers. This service has been discussed from an operational perspective which considers it as a means of production or a process of materials, information, people, and customer themselves (Lovelock, 1991; Grönroos, 1992). Basically, the evaluation of services depends mainly on customers' perception of the means, the process and existing customers who in fact become part of the product being marketed.

Total quality marketing is particularly crucial for the success of a service organisation. The attitude of stakeholders contributes significantly to the overall quality of services an organisation can provide as indicated in the interpretive strategy model. The central aspect of employee performance in services marketing also increases the level of importance for internal marketing which involves the use of marketing concepts to attract, prepare, motivate, and retain high-quality employees to sell and perform services (Berry, 1980; Grönroos, 1981; George, 1990). Although internal marketing is a critical focus for services organisations, most of the scholars in this field still engage in studies of marketing in the normative dimension at the functional level of the operation (Doyle and Newbould, 1980; Kotler and Fox, 1985).

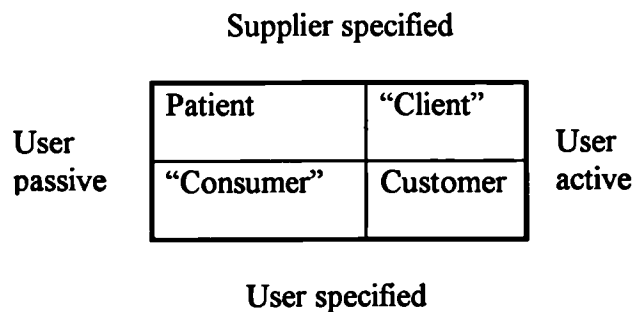
The current trend of promoting total quality marketing in the service industry has compelled organisations to pay more attention to the internal environmental scan (Pearson, 1990; Kotler and Andreasen, 1991; Lovelock, 1991). This organisational culture is considered to be a vital agent, either a catalyst or an antagonist, for an organisation to adopt the 'cultural' aspect of marketing (Webster, 1992) or some refer to it as the marketing orientation of an organisation. Because organisational culture is difficult to quantify, symbolism is then considered to be the means for building a culture that matches the organisational mission and goals (Pearson, 1990; Lovelock, 1991).

### **III.2. Applicability of marketing in the public sector**

Organisations in the services industry can be quite different between one another in terms of strategic distinctions, such as the nature of services provided and the type of industrial relationships with their customers (Lovelock, 1983). Wensley (1990) expanded this argument by devising a taxonomy of relationship between suppliers and their users, as shown in Figure 2.1, to illustrate to what extent the market-based approaches would apply to different relationships between suppliers and users in each segment of the matrix. The contemporary body of knowledge developed in the marketing discipline has concentrated within the domain of "user specified area"

where customer-orientation is the main concern. Marketing approaches are most suitable if the transactions themselves can be placed in the quadrant of the bottom right hand corner of the matrix. Users are in an active position to choose, or in Wensley's term a "self-service" customer (*ibid.*, p.57). This poses a common dilemma for providers of private services. It is only economical to provide a limited degree of choices. In this case, services providers focus attention on providing some degree of responsiveness and managing user expectations about what can be provided. This transaction then falls in the quadrant of user passive and user specified. In some cases, there is a divorce between beneficiary and payee in the public sector. A consumer could very well be a beneficiary of a service and yet not necessarily the payee.

**Figure 2-1 A taxonomy of supplier/user relationship in the health service**



Source: Wensley, 1991, p.55.

The application of the marketing analogy in public services starts to have problems as the transaction shifts from user to supplier specification. This area is inextricably linked with the level of professionalism of the service provider. The supplier determines what services are to be offered and how they can be delivered. Internalisation of marketing concept becomes an important issue for organisations to consider in their own operations. Again, a user plays a role as either a passive



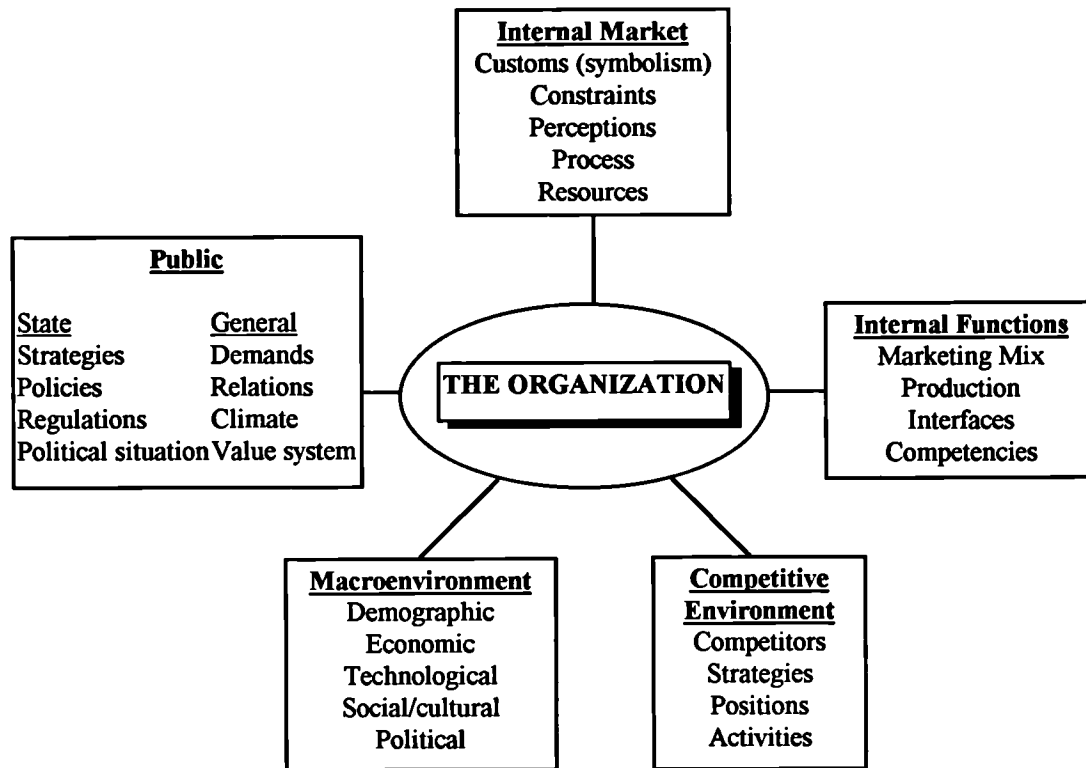
“target” or a participant in the process. According to Wensley’s (ibid.) nomenclature, a “patient” carries the connotation of the health industry where doctors provide necessary treatment services as they reckon appropriate. As marketing principle entails an element of user choice and decision making, this quadrant indicates very limited application of this principle. Instead, it indicates an element of monopoly. In the quadrant of “client”, however, he/she does have a choice. The question to be further developed according to the specific context of the public sector is ‘choice of what’.

In the next chapter, these concepts are discussed in the context of higher education.

### **III.3. Attributes of strategic marketing for the public sector**

Public services are distinguished from private ones by their constraints in flexibility and autonomy, vague or disputable goals, limited leaders’ authority, political interference and scrutiny, broad accountability, and changing performance expectations resulting from differences in their environment, both internal and external market considerations, and organisational processes (Crompton and Lamb, 1986; Burkhart and Reuss, 1993; Nutt and Backoff, 1993). Based on these unique characteristics of public services, Figure 2.2 depicts essential elements of the environmental scanning for public services providers to consider integratively. These elements are categorised into five subenvironments, namely the Public, also referred as the external market, the Internal Market, the Competitive Environment, the Macroenvironment, and Internal Functions which are related to marketing functions. The elements in these subenvironments have implications on not only the environmental scanning but also future formulation and implementation of strategies. Different types of public services may treat various elements in the proposed framework with different levels of emphasis and their strategic considerations may also be different. For example, higher education institutions may have a certain level of autonomy in deciding their target market(s) whereas a health services provider presumably should provide emergency medical treatment indiscriminately.

**Figure 2-2 Framework of organisational environments for public service providers\***



\* Compiled and modified by the author from the studies quoted in Section III.3.

One of the main environmental forces impacting on organisations in the public sector is the Public, including the State, or the government and the general public which have been referred as stakeholders. These stakeholders have a stake in either the operation or the output of the organisation. Compared to the private sector, the lesser degree of autonomy and flexibility for public services providers affects the extent and the speed with which these organisations are able to implement marketing activities, such as planning programmes and channels of distribution, pricing, promotional campaigns, or selecting target markets. As the public services sector becomes one of the ‘vulnerable industries’, as termed by Albrecht (1994, p.114), due to contraction of public funds and change of social perceptions, the Public environment has been subject to closer

scrutiny. Since its potential interest in or effect on the organisation, this Public environment is also recognised as part of the market environment particularly when an organisation wishes to attract certain resources from that Public (Kotler and Fox, 1985). A major effort of these organisations is the constant communication and negotiation with the funding body (generally an intermediary between the government and the organisation) in order that they are able to formulate viable strategies based on their respective negotiated mission and goals. On the other hand, the comprehensive interrelationship between organisations and the General Public provides both marketing opportunities and constraints that do not exist in the private sector (Lamb, 1987). One example is that regardless of whether they use the services offered, the general public pay for these activities indirectly with their taxes. Therefore, as mentioned previously, providers of public services often are expected to uphold a higher level of integrity, fairness, responsiveness, and broader accountability than their private counterparts.

Macroenvironment and competitive environment are both generic environments for the private services sector and other business enterprises. The nature of public services warrants particular attention being paid to the political environment where changes of political power structure and political considerations of the stakeholders impacts significantly on funding, directions, emphasis of various public services. Positioning of public services in a competitive environment can be either competitive or complementary with existing ones depending on the perspective and the attitude of an organisation. Lamb (1987) advocates that organisations providing public services should complement rather than directly compete with the efforts of their private counterparts by identifying their own distinctive contribution rather than duplicating others' efforts. Although the demand for public service providers to provide equal opportunities may compel them to adopt undifferentiated strategies, depending on the nature of individual services, one might argue that undifferentiated strategies may fail to fully satisfy any market segment. Fiorentini (1989) suggests careful definition of the reference publics and segmentation of the demand. The currently increased awareness of customer rights as well as decreased customer satisfaction and

participation have aggravated the need for segmenting markets and developing targeted marketing programmes in order to provide quality services through quality marketing.

The advocacy of quality marketing stipulates the relevance of internal marketing to operations of public sector organisations. Studies on state-owned organisations indicate that complexity of operation is basically based on the nature of organisational structure, motivational programmes, decision makers, organisational culture and environmental as well as organisational constraints (Hafsi and Thomas, 1986). Organisational culture and decision makers are becoming central issues when discussing quality services. These aspects of internal markets call for a separate consideration of internal marketing which is therefore divided into the internal market of the stakeholders and internal functions relating to marketing.

The quality of the service industry is heavily dependent on the individual personal behaviour which may be influenced by the culture of an organisation. The attitude of stakeholders contributes significantly to overall quality of their organisation. As indicated in the interpretive strategy model, stakeholders are motivated by better understanding of their organisation and its environment so as to believing and in turn acting in ways that are expected to produce favourable results for that organisation (Maassen and Potman, 1990). Culture is concerned directly with people and how they behave in an organisation. This cultural perspective seeks to provide a way of achieving concentration, consistency, and flexibility of strategic direction (Pearson, 1990). The most effective means of changing the culture of an operation is therefore through symbolic changes (ibid.; Lovelock, 1991). Three major areas which are commonly under scrutiny are resources, information, and support. For symbolism to be effective the scheme in Figure 2.2 suggests organisations should consider first their own constraints and perceptions of their internal stakeholders (including staff, management, and an important constituency which is the board or committee members) and, in turn, to form 'network' arrangement across the usual organisational structure.

Scholars have recently advocated total quality management as well as marketing (Hutt and Speh, 1992; Kotler and Armstrong, 1994). Most business managers recognise the importance of interfaces between units of marketing functions with that of other functions in an organisation and the participation of internal stakeholders. While internal marketing functions provide a basis for formulating strategies on the business level, the internal market of the stakeholders is an element for consideration, particularly when an institution-in-transition re-evaluates its mission and overall strategies.

Public services may not all be market based transactions, such as the debate on compulsory education being market force regulated or simply a gift-related transaction. When formulating organisational mission, goals and, in turn, operational strategies, there are two dichotomies created by public services requiring closer scrutiny, i.e. cost versus value and charging vis-à-vis redistribution (Wensley, 1990). As discussed previously, when assessing the value of any marketing prescription in the public sector, it should be done in its own context. The following chapter will develop the framework for strategic marketing in the context of higher education on the basis of user/supplier relationship and the resulting positioning of the institution and its strategic marketing programmes.

## **VI. Chapter Summary**

Business enterprises have been examining their strategic planning from a linear, adaptive to also interpretive mode where attitudinal and cognitive complexity of their diverse stakeholders becomes the main focus, in addition to an organisation's external environment and internal operation. Day's (1992) proposition of marketing's distinctive, integrative and supportive competencies together with Webster's (1992) assertion of marketing's cultural, strategic and tactical dimensions have drawn people's attention to marketing's contribution to strategic management in general. This Chapter has also examined a number of market audit models in business. Berry's (1991) framework for the services industry will serve as a basis when developing a

model for the empirical research. The increasing level of public accountability of public services and higher education calls for further discussions of strategic marketing issues in a particular context of public services which provides a reference point for future investigation in the higher education arena. Wensley's (1990) taxonomy of relationship between suppliers and their users expands the horizon for marketing concepts and approaches. As marketing principle entails an element of user choice and decision making, the question that requires further development is then 'choice of what'. The following Chapter will examine and explore both this taxonomy and the strategic marketing management process proposed for public services providers in the context of higher education.

### **CHAPTER 3 STRATEGIC MARKETING IN HIGHER EDUCATION**

The discourse of higher education in Britain and many other countries has been revolutionised from the elitism of transmitting cultural knowledge and forming political and administrative elites to the academic populism of mass education. One staging post on the route was the binary system in which universities and the non-university sector including polytechnics and colleges were developed in accordance with the diverse mission of higher education. During the most recent decade, a prevailing utilitarian philosophy has infiltrated the institutions of higher education. Although it could be argued that the function of universities has always been producing graduates to meet the needs of society, the public, and/or the state, terms like “marketing”, “customer satisfaction”, “market-oriented”, and “entrepreneurship” began to emerge in the UK in the early 1980s after universities suffered a contraction of public funding and were forced to seek alternative sources of funds. The belief that universities also bear certain fundamental social responsibilities, such as providing an arena for exchange and acquisition of knowledge, and producing cultivated citizenry, inevitably causes variable levels of tension depending on the contemporary ethos. With the re-designation of some polytechnics and colleges as universities, competition in the higher education community has become more overt. Thus the application of strategic marketing, planning and “proper” positioning of institutions in the higher education marketplace is ever more far-reaching. This chapter reviews literature on evolution of marketing practices in higher education institutions which will then be followed by discussions of a proposed typology of strategic marketing in the context of higher education.

#### **I. Evolution of Strategic Marketing in Higher Education**

“Market-led” higher education, by nature, is not a revolution (see Chapter One). British universities have always, to a certain extent, answered to the demand of their

customers. Moore (1989) identifies students, employers and government as customers for higher education. The issue for market forces is, as Moore (*ibid.*) indicates, where and how the appropriate equilibrium point can be established to satisfy both national and individual aspirations. Marketing in higher education, by definition, should concentrate on the exchange process between institutions and their target customers. A university's unique position which is determined according to identified target customers' needs and benefits provides competitive advantages for that institution to capitalise on its investment in products or services and, meanwhile, these products or services are being effectively utilised by its customers. It can be argued therefore that marketing is beneficial to higher education as a whole through a concern for better pedagogy, programme packaging (including design and delivery approach), affordability, and accessibility. This can help to sustain or create demand for the full intellectual tradition particularly in an environment of transient demand resulting from today's pervasiveness of vocationalism.

### **I.1. Role of marketing in higher education**

Many educators continue to ascribe to the word 'marketing' a negative connotation and interpret it as synonymous with selling and promotion. Top university administrators have not been especially interested in marketing and have treated it merely as a tool for income generation and/or fund raising and student recruitment (Wheale, 1991; Warner and Leonard, 1992; Conway et al., 1994). Other scholars in the field of higher education marketing have long been advocating, however, the importance of an institution being responsive to meeting market demand and achieving customer satisfaction (Doyle, 1976). When considering meeting market demand, one ought to recognise the inherent property of marketing which entails educating and motivating prospects' latent needs. Or, in Litten's (1980) words, marketing a set of institutional expectations of the client. Whilst providing their services, higher education institutions have a particular responsibility of providing



leadership and direction. Krachenberg (1972) contends in his book entitled *Bringing the Concept of Marketing to Higher Education* that

*“such responsibility carries with it the mandate to be able to stand apart from society when appropriate and be an impartial commentator on, and social critic of, various societal activities.”* (p.373)

Responsible marketing in higher education therefore is concerned with the problems and means of effectively bringing students into contact with programmes that are both beneficial and rewarding from the broadest sense of personal as well as societal fulfilment. In addition, according to Litten (1980),

*“quality marketing in higher education keeps educational considerations well in focus, while also giving due attention to the characteristics, attitudes, and behaviour of the intended clients for these educational services.”* (p.43)

A large number of scholars from business disciplines, on the other hand, consider academic programmes to be the product of higher education in a marketing context. They have conducted research in “marketing in higher education” by developing plans on the basis of product/market model which differs from the conventional plan of focusing inwardly on the improvement of efficiency (Doyle and Newbould, 1980; Kotler and Murphy, 1981; Cope and Delaney, 1991). The quality of these programmes depends upon faculty, students, dynamic characteristics, library collections, and support services as well as facilities (Cope and Delaney, 1991). Kotler and Murphy (1981) claim that most universities are insufficient in overall strategic planning but better at operations. They emphasise an academic portfolio strategy which relates to the organisation’s product/market opportunities. The portfolio analysis of the Boston Consulting Group matrix has also been used in product planning (Abell and Hammond, 1979).

Kotler and Fox (1985) have an extensive and comprehensive discussion on the marketing planning and control system in higher education institutions. They define marketing in the field of higher education from a product marketing perspective as:

*“the analysis, planning, implementation, and control of carefully formulated programmes designed to bring about voluntary exchanges of values with target markets to achieve institutional objectives. Marketing involves designing the institution’s offerings to meet the target markets’ needs and desires, and using effective pricing, communication, and distribution to inform, motivate, and service the markets.” (p.6)*

In the 1995 edition of this same book, although they continue to utilise the product marketing approach and concentrate in student recruitment, they focus more on developing long term relationships with target students. Scholars of this school of thought see marketing planning as a response to meeting and anticipating the needs of students within a competitive environment in terms of uncertain future demand, the changing composition of demand and financial pressures. Although these approaches have a good deal of merit, they tend to emphasise the student as the customer and the course/programme as the product and have drawn from product marketing in the manufacturing industry analogy. Conway, Mackay and Yorke’s (1994) study of British universities also indicate a predominantly product driven practice whereby students are being focused as potential customers.

Another school attempts to apply rather a services marketing approach as they consider the manufacturing industry analogy being unlikely to be totally applicable to education which is considered as a service provision. Litten (1980) contends that students are the clients acquiring education and part of the ingredients of the production process (a quasi-product) of graduates for the labour market. Whilst meeting the market demand, institutions also are marketing a set of institutional expectations of the client. Smith and Cavusgi (1984) then call for involvement from the institution’s consumer (the student) in the production process. Brooker and Noble (1985), on the other hand, stipulate the importance of vice chancellors being able to assume the overall responsibility for orchestrating marketing programmes in their respective universities and cultivating marketing orientation of their staff in programmes/services planning and delivery. This concept of “internal marketing” has been emphasised, particularly as the “total marketing model” emerges (Grönroos, 1983; Grossman, 1987; Robinson and Long, 1987). In addition, the issue of quality

marketing instigates the relevance of internal marketing in managing market-led universities. Hafsi and Thomas (1986) indicate that the complexity of operation is basically based on the nature of organisational structure, motivational programmes, decision makers, organisational culture, and environmental and organisational constraints. The institutional culture and decision makers are becoming central issues when discussing provision of quality services. These aspects of an internal market posit a separate consideration of internal marketing which is therefore divided into the internal market of the stakeholders and internal marketing functions which will be discussed in more detail in the Section on strategic marketing processes for higher education.

Pearson (1990), on the other hand, suggests that universities should adopt strategic thinking in order to be proactive in this dynamic environment. This strategic thinking has two faces: One is to have the awareness of alternative strategic frameworks, purposes and the ability to recognise critically different environments. The other is to acquire the ability to diagnose the internal environment of the institution in terms of its unique characteristics and to be able to shape these characteristics so as to fitting the institution to its environment in order to achieve its strategic purposes. The internal aspects of both normative and operational modes (Becher and Kogan, 1992) are under the influence of external professional, social, economic, cultural, and political values and environments. In addition to these factors, it is also important for the university to consider its social responsibility in addition to the pragmatic operational issues. This research attempts to propose a holistic typology of strategic marketing management for universities to consider within the context of higher education for coping with the contemporary dynamic environment.

## **I.2. Contextualisation of Marketing in Higher Education**

Higher education world-wide has experienced rapid growth and been under the pressure of obtaining sufficient funding. Universities have become business enterprises with a large number of employees, substantial physical plants, and

increasingly diverse missions. There are resulting similarities between business and higher education at the operational level of marketing with, however, fundamental differences in bottom-line considerations which are important to be recognised prior to formulating any marketing strategy:

1. *Profit maximisation may not be the "bottom line" for higher education.* Both business and universities have the basic objective of survival, particularly when public spending of higher education is in contraction. Public institutions encounter more stringent accountability scrutiny than those concentrating in profit maximisation as their business counterparts would do. However, Litten (1980) cautions against the notion of relying solely on the principles of productivity and performance when evaluating a university. These principles are difficult to determine because

*"the measurement of collegiate environments, processes, and outcomes - and of quality in these phenomena has long been elusive (particularly since many outcomes have long time spans to full realisation and the interaction between student and institutional characteristics is of considerable consequence)." (ibid., p.46)*

2. *Customer satisfaction is not a sufficient measure of organisation and market success.* Clients of higher education purchase educational services for a number of objectives which can be categorised into attainment of credential and self enhancement. Universities today are able to exclude potential clients selectively through means of "price" or "currency" in various forms. This price could be in the form of tuition which, in the case of mainstream undergraduate and postgraduate programmes, would be supplemented by the state or the institution itself by means of scholarships. Another form of "price" could be the admissions criteria that universities adopt, such as 'A' levels or grade point averages, and/or performance indicators for students. This selectivity exists because of the multiple roles students play in the context of higher education and the requirement imposed on universities for their quality assurance of both inputs and outputs of the educational process. Consequently, customer satisfaction is not the only

consideration. Students are consumers who acquire the service whether they are the payees or the beneficiaries. They are also part of the educational process itself wherein they are essential components in various aspects of curricular-related activities. And, they are the quasi-product at the end of the process to the labour market or the society. The student body is indeed a marketable resource of a university, however, not a product the institution produces for direct exchange in the marketplace. Higher education differs from most other industries in the way that it requires active participation of the consumer. Universities provide educational services to students and attempt to produce changes in individuals through their learning experience at the university. Ultimately, higher education aims to generate benefits to society with cultivated citizenry and skilled manpower.

3. *Selection of higher educational institutions has long-lasting and personal consequences.* Unlike business which depends mainly on brand loyalty and repeat sales, selecting the university is only partly a consumption decision but mostly a long term investment in education and institutional reputation for future further study, a career, and/or other social benefits. Higher education today is provided for a number of target segments whose expectations could inevitably differ from one and another. Conventional secondary school leavers seek to equip themselves for their lives whilst adult students may concentrate more on career advancement and/or self development and personal enrichment. Regardless of whether the university is more like a 'service station' for lifelong learning or a 'finishing school' for the conventional age cohort of 18 to 22 (Duke, 1992, p.6), accessibility and affordability have become important strategic decisions for institutions.
4. *Universities market complex packages of goods.* The package of products a university offers is a combination of academic programmes, research outputs and consultancies, staffing, educational philosophy, social offerings and learning experience for students. Some of these are tangible but some are not. This package comprises a) faculty members' active involvement in curricular design

and research projects based on their understanding of the competitive market and collaboration with the industry, b) participation of students who is also the clients, and c) services and the learning environment as well as ambience provided by the supporting staff and physical facilities. Some components of this product package may not be readily apparent. The reasons for this complexity could be due to the vested public responsibility in a system that preserves and creates sophisticated knowledge and skills and values that permit these functions to occur. Although universities can determine customers' needs by means of an environmental scan and seek to satisfy these needs, in the matter of values and social criticism, Smith and Cavusgil (1984) caution the institution that they

*"must look to the careful hiring of administration, faculty and staff and the preservation of academic integrity." (p. 111)*

There are two dimensions of these contextual considerations. The first two points concern marketing's application in a context with different measurements for success. The latter two points then are purely the elements of a package of products offered and their value to the customers. When integrating the marketing frame of mind and concepts into the overall planning process of a university, the above contextual considerations integrate the issue of "choice" with a key question of "choice of what".

## **II. Proposed Typology of Strategic Marketing Management for Higher Education**

As marketplaces are becoming more dynamic and competitive, marketing for businesses-in-transition has been advocated to be considered as a frame of mind which comprises the philosophy of operations with a market orientation (McKenna, 1991; Day, 1994). Narver and Slater (1990) view market orientation from a behavioural perspective and identify three components of market orientation as customer focus, competitor orientation, and interfunctional co-ordination. Kohli and Jaworski (1990) argue that the term 'market orientation' encompasses a broader concept than the term 'marketing orientation' and it begins with market intelligence which follows with its

dissemination and institutional responsiveness. Slater and Narver (1995), on the other hand, consider the terms market oriented, market driven and customer focus to be synonymous. This study follows these arguments and uses market orientation to encompass the domain of marketing orientation. When proposing the learning organisation with a market orientation, Slater and Narver (ibid.) argue that:

*“though a market orientation provides strong norms for learning from customers and competitors, it must be complemented by entrepreneurship and appropriate organisational structures and processes for higher-order learning.”*  
(p.63)

The learning organisation wants to better itself and at least include these two cultural components, namely entrepreneurship and market orientation, and three climate variables which are organic structure, facilitative leadership and decentralised strategic planning. Any company in a transition state adapted to the aspirations of a learning organisation could be in a better position to the route of success. On the basis of these previous studies mainly in business, this research proposes a holistic typology of strategic marketing for universities-in-transition which is then further elaborated and grounded in the context wherein case universities operate.

## **II.1. Collegiate leadership in an organic structure**

Universities in both Britain and Hong Kong, unlike their US counterparts, are mainly regulated by policies of the funding councils and are less directly influenced by the users' market force, although this contrast has become more obscure as there is a world-wide convergence in issues and government policies relating to higher education (Kerr, 1987; Neave and van Vught, 1991; Goedegebuure et al., 1993; McGuinness, 1995). Similar to many other public services providers, universities today have more constraints in autonomy, disputed ends and values, political interference and scrutiny, increasing public accountability, and changing performance expectations. These recent changes in

*"higher education's environments and relative reduction in resources have led to changes in the tasks and relative power of academics and administrators within universities..."*,

as suggested by Kogan (1995),

*"...an analysis of the tasks of administrators and academic bureaucrats and some thoughts about the appropriate differentiation and connections between the two bureaucratic lines (are required)." (p.1)*

Bensimon and Neumann (1993) advocate a concept of "Leadership Team" which has similar characteristics to that of the "presidential team" or the "top administrative team". They argue when discussing collaborative leadership that

*"organisational agendas and events do not arise solely from the president. Rather, people working in interactive groups create and negotiate their realities over time." (p.xv)*

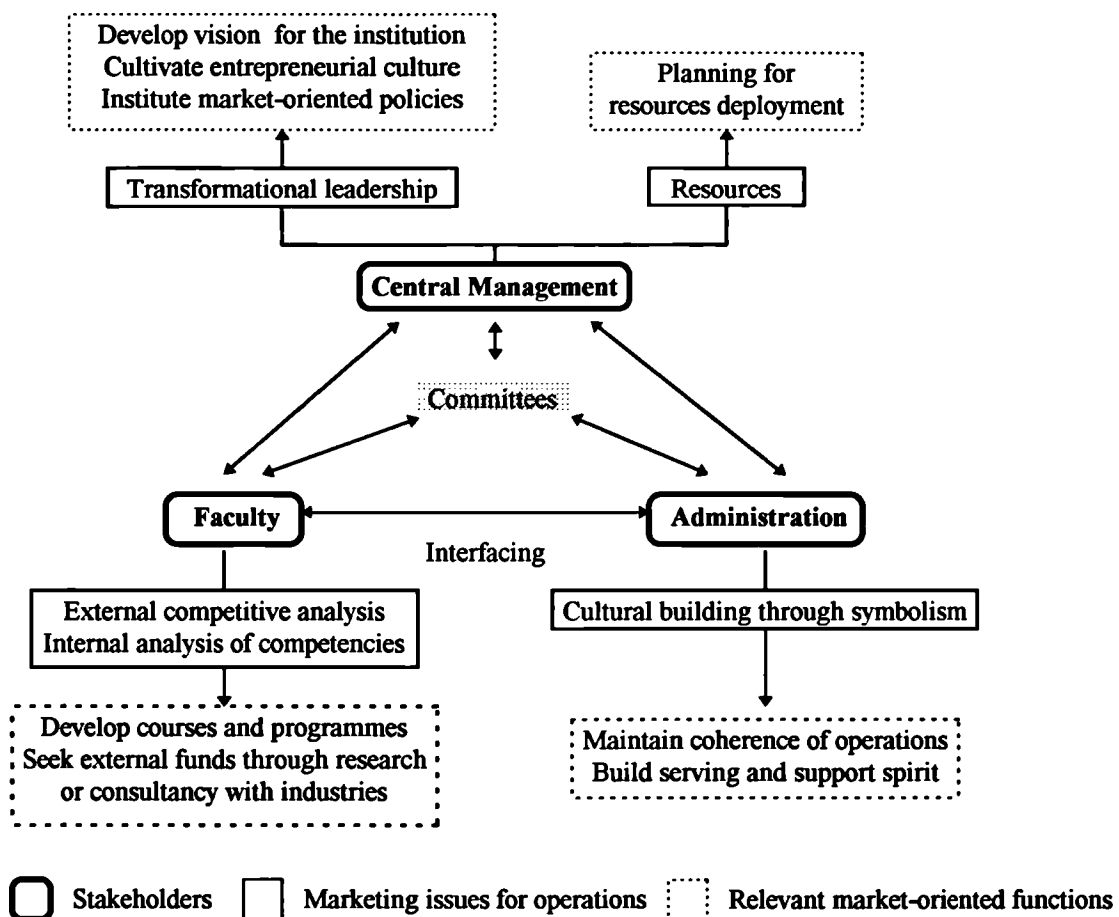
These presidential teams assist their respective presidents with utilitarian, expressive and cognitive functions. This research adopts the term "Central Management" to represent an entity with distinct responsibilities and authority of command that is separate from "Administration" and "Academics" in, however, an organic structure (referred to Figure 3-1).

The conventional professional bureaucratic structure (Mintzberg, 1979) of the university is an organic structure inter-linked by functions of committees. Mintzberg (1991) comments that this form of structure needs frequent and extensive communication and longer time span to reach a decision. In the meantime, some scholars (Gupta and Govindarajan, 1991; Mintzberg, 1991) advocate efficient sharing of information and promotion of innovation and creativity and commend some form of committee-liaised operations. When seeking timely responsiveness to environmental impetuses, the senior executives in Central Management work as a team from a more strategic perspective in a capacity which requires leadership in planning and/or re-positioning for development of a shared institutional vision and mission. As an institution is in transition and requires organisational renewal, 'transformational leadership' serves to adopt long-term



perspectives<sup>7</sup> and view intra- and extra-organisational factors from a holistic orientation (Dubinsky et al., 1995). A transformational leader knows how to develop a vision of what the organisation can be, mobilise the organisation to accept and work toward achieving the new vision, and institutionalise the changes to last over time (Ju and Cushman 1993).

**Figure 3-1 Dynamics of collegiate leadership in an organic structure \***



\* Compiled and modified by the author from the studies quoted in Section II.1.

This Central Management cannot, however, function independently from other academic or administrative staff. Their subordinates in Administration in turn execute Central Management's decisions of resources allocation and deployment with collaboration of

their academic counterparts. That is, Central Management functions as a gate-keeper in terms of interpreting policies of the central funding bodies (as well as preparing an account of the institution's mission and activities to these bodies with the administrative staff's clerical support though) and in turn formulates strategies and directions for the institution.

Administration, on the other hand, comprises a group of administrative staff who carry out routine administrative affairs in an institution. In addition to their basic supportive role to both academic staff and Central Management, one of their very unique terms of reference is that at more senior levels they have a fiduciary role in safeguarding Central Management compliance with regulations or policies and ensuring that resources are spent with propriety and maintenance of due process. They advise members in both the academic hierarchy and the committee system on policies and monitor those existing ones. The nature of their responsibilities is in essence to ensure continuity of institutional operations and preserve current systems. When an institution is in transition and requires cultural reform, it will take much effort on the Central Management's part to institute reward systems (equivalent to functions of 'symbolism') to motivate the administrative staff to adapt to changes. Funding councils' requirements for more scrutiny and assurance of both teaching and research quality bring departmental performance under increasing institutional review. Some universities have created additional administrative offices to assist in monitoring internal academic performance more closely. Such functions emanate from interfaces between administration and academic hierarchies such as the pro vice-chancellor in charge or academic deans or heads of departments.

*"Academics constitute the main production units, and their ability to produce requires considerable freedom."* (Kogan, 1995, p.1)

Research projects and academic programmes are mainly initiated from the department level and the quality of these projects and programmes relies basically on the integrity and professionalism of faculty members. This "organised anarchy" and the hierarchy/bureaucracy form the duality of university organisation (Mintzberg, 1983).

As higher education is more closely incorporated into the state's operation, its traditional autonomies and freedoms have been diminished (Barnett, 1994). The discourse of mass education and lifelong learning is conducive to transforming today's society into a "learning society" (in Barnett's words) pursuing not yet attained knowledge which has more of a utilitarian value than merely an ideological quest. Academics as professionals have the obligation to make available their knowledge to society. This relationship between the academics and the wider society results in varying responses from different disciplines. Some view this market-led philosophy with anxiety. Some recognise that this approach could in fact provide new opportunities for curriculum design, programme planning and other professional operations. Academics' realisation of their calls for duty contributes to the overall outcome of higher education which in turn impact the societal and economic development of the nations. Two major factors actuating this realisation are: a) academic competencies and abilities for participating in this relationship; and b) the perceived value of the inherent roles and responsibilities vested on them as knowledge conveyers or educators.

On the basis of the contemporary context for higher education and the internal interfaces, strategic marketing for universities entails dimensions of the institutional position in relation to its markets and the institutional culture adapting to today's dynamic external environment. Better comprehension of potential market segments available to the institution and their inter- and intra-relationships facilitates formulation of strategic directions and resulting marketing strategies. Entrepreneurship is instrumental for developing academic programmes of market demand and research projects with competitive advantages. As academic operations within an institution are by no means independent from other offices, internal communications between academic departments and administrative offices are essential for the university to build institutional values and unified goals shared among all internal stakeholders, with Central Management being the facilitator.

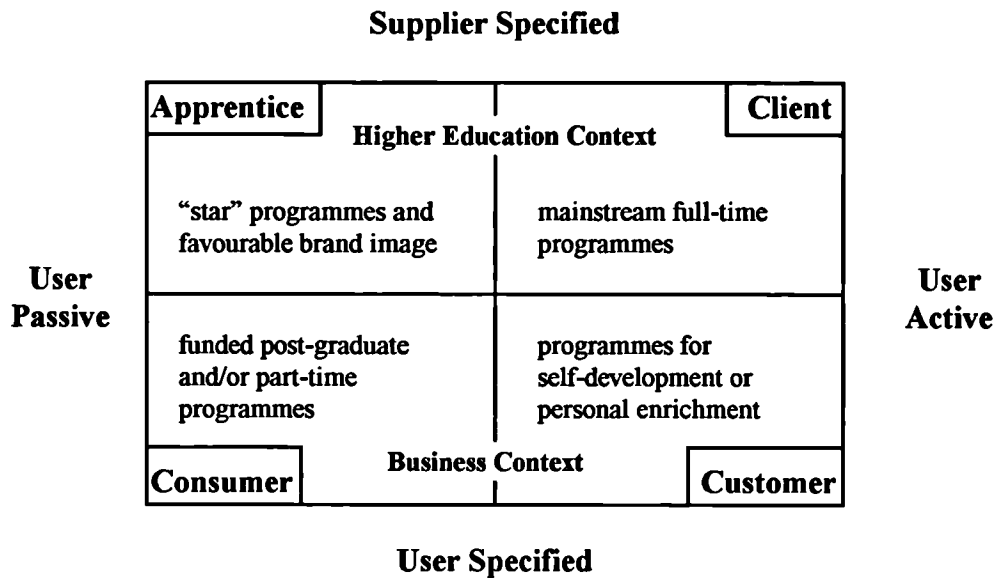
## **II.2. A taxonomy of contexts for marketing strategies**

The trend towards mass higher education and yet contraction of public funding has encouraged the values of universities to becoming more commercial-minded for generating alternative sources of income to develop and not merely sustain the university. Whilst some academic leaders continue to retain the tradition of liberal education and to develop their respective universities or programmes to attract the most able students, others (Clark, 1983; UGC, 1996) argue against this conformity and advocate distinctiveness and differentiation. Cope (1985) asserts then the importance of those strategic choices that alter relationships between the institution and its environments for contextual planning. The process of contextual planning for a university is to contextualise thinking, management, and planning in reference to the contemporary ends and values of higher education and that university's situation, background, and its internal and external environments. Hamel and Prahalad (1994) further stipulate systematic analyses of external environments so as to help the university to "imagine the future" and in turn to "create the future" by building a portfolio of competencies needed to dominate future markets. Hence, Figure 2 reconstructs Wensley's (1990) proposition of suppliers/users relationship discussed in Chapter Two (as shown in Figure 2-1) to incorporate the abovementioned contextual considerations of higher education in an attempt to graphically map out possible positions of the university and/or its programmes in relation to the users of their services.

Different from Kerr's (1982) idea of multiversity which integrates several communities with varying missions and objectives along a continuum, this integrated taxonomy of M.A.P. (an acronym for Management According to Positioning) attempts to integrate these communities of undergraduate, postgraduate, and other lifelong learning programmes in accordance with a predetermined institutional mission and direction. Different academic programmes in a university are planned in accordance with the positions of that institution and the programme compared to their rivals. The implication then is that marketing strategies for programmes in each

quadrant of the taxonomy would vary. And yet, resources are planned and deployed institutional-wide.

**Figure 3-2 An integrated M.A.P. for university-wide programme planning**



This integrated M.A.P. is proposed for examining university-wide programme planning. Mainstream full-time higher education used to target secondary school leavers between 18 and 22 years old. This group of users of higher education brings with them their academic records to bid for programmes that they are interested in. Depending on the market demand of that particular programme, these users could either be "Apprentices" or "Clients". As this cohort of intakes to mainstream higher education functions as raw materials which are processed through the production process of higher education to become final products for the labour market. These graduates carry with them attitudes and value systems that are attained from university education to eventually impact the ethos and culture of their respective societies. Both "supplier-specified" quadrants, therefore, operate in the context of higher education where individual faculty members, support services providers and policy

makers are expected to act with a respectful level of professionalism. Strategic marketing for higher education therefore encompasses issues for both external and internal environments where the paradigm of internal marketing works beyond merely improving post-sales customer services. Instead, whilst internal stakeholders are cultivated with customer-orientation, they are to be made aware of higher education's mission and social responsibilities to the society. Therefore, universities operating in this context have an inherent role to function as the society's intellectual conscience and to produce cultivated citizenry with competencies viable for nation's socio-economic development in stead of to merely provide a community for knowledge pursuit and/or self-improvement. Marketing is accordingly contextualised to concern not just profit maximisation or customer satisfaction but public accountability, the complex and holistic package of products including faculty's competence and students' learning environment that contributes to students' long-lasting personal consequences. At the end of the production process, effective marketing of graduates to the workforce not only enhances the attractiveness of the university to its student prospects but also ties between the alma mater and its alumni who in turn become a valuable asset for the university's income generation through development campaigns.

These top-ranked universities in the league table have a well-perceived institutional image. Their academic programmes are therefore in the 'Apprentice' quadrant of 'higher education context'. Much of these universities' efforts have been devoted to maintaining their prestigious brand name and keeping the dominant market share of programmes with market potential. These programmes have a dominant position in their target markets. This 'star' position, so termed by the Boston Consultancy Group (BCG) model, allows continued viability of 'donnish domination'. Conceivably, institutions would prefer to operate in this upper left-hand quadrant where donnish domination remains relatively intact and the liberal model of higher education can still be viable. Faculty members of these programmes and/or in these institutions are given autonomy to develop courses and/or academic programmes based on their individual expertise and interests. Marketing approaches in this quadrant become less of an issue as long as this paramount position remains.

When programmes or universities are in a competitive environment wherein similar programmes of rival institutions are competing for better qualified intakes, marketing becomes more important to universities as a tool for promoting these programmes to prospective students. Most of the programmes in mainstream higher education are in this quadrant of 'Clients' where students, in particular those secondary school leavers, bidding for their programmes of interest with their A-level results. Recently, more universities are competing more with their brands, accessibility, affordability, and availability and strategies in aspects of positioning, product/market planning, marketing communications and provision of scholarships.

Rapid social and economic advancement and the demographic shift in many countries have prompted increasing demand for lifelong learning programmes offered by universities. Institutions, particularly those with insufficient intakes to their programmes, also seek ways to widen the access of mature students who are mostly interested in part-time programmes. As students in these segments have either higher education qualifications or years of experience at workplace, they have already developed their own sets of personal values. Prospective students make decisions based on their personal goals and desires in life, may that be economic or epistemological. Transactions in the two quadrants of "user-specified" segment resemble most closely a business context. The dilemma of degree of choice in response to users' expectations as discussed in the section of public services prevails in this context. There is also a possible divorce between "Consumers" who benefit from and "Customers" who pay for higher education. The programmes offered in this context emphasis more of their benefits in accordance with the recent ethos of instrumentalism and utilitarianism.

Students who enrol in flexible modes of learning with an ultimate goal of attaining an academic credential are classified as "Consumers". Similar to some undergraduate programmes, a number of full-time M.Phil. programmes provide scholarships as an alternative pricing strategy in order to compete with other institution for better qualified students who may otherwise not be able to afford to enrol. Of course, the perceived image of the institution and the programme is another important decision

criterion. Programmes offered by open learning institutes are also considered in this quadrant when subsidised by Funding Councils as part of their income portfolio. As allocation of resources to universities is becoming more centralised both at the regulatory and institutional levels (Kogan, 1985; McGuinness, 1995), the relationship between the user and the supplier tends to be even more complex. The extent to which the policy maker exerts influence on programme provisions becomes another important market force for universities' planning. Another concurrent issue of needs versus the ability to pay makes it important to include Funding Councils as a segment of customers for universities. As products in this 'Consumer' quadrant are mainly government-funded degree programmes, competitive marketing strategies for these programmes take into considerations of issues for public services, such as pricing and quality of products. Offering scholarships is an alternative for competitive pricing whereas academic excellence ensures the quality of products delivered. In some professional disciplines, industry network and regional and/or global collaboration provide added value to students.

The 'Customer' quadrant, on the other hand, encompasses self-funded programmes that are for personal enrichment and/or professional enhancement. In the context of buyers making commercial decisions, marketing strategies resemble those for high-involvement purchases, particularly those distant learning degree programmes. Marketing approaches learned from business are most applicable. Programmes offered by schools of continuing education, for example, are planned and designed based on market demand. Users of these programmes are in general "Customers" who pay for these programmes and they have a choice to buy or not to buy based on the perceived quality of these educational services and their delivery. Whilst some are working hard to improve their research and teaching status, others are seeking ways to promote their programmes in the quadrant of 'Client' to other student segments.



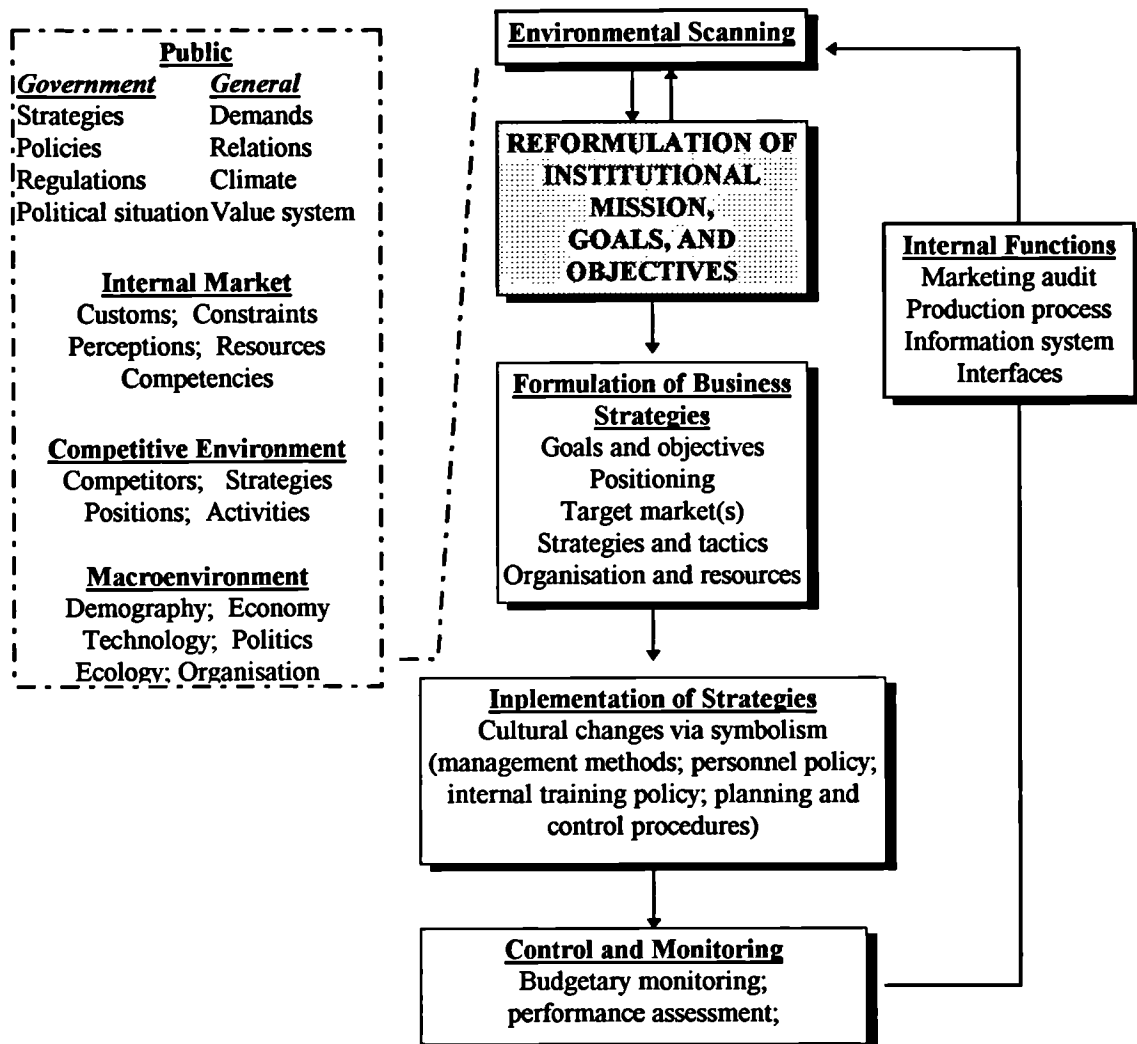
### **II.3. Strategic marketing issues**

Marketing in higher education does not involve new marketing principles so much as new and challenging settings for the application of traditional marketing principles (Goldgehn, 1988). Those challenges in the 1990's that are applicable to the higher education sector like decreasing population pool of 18-22 year olds, diminishing attractiveness of the traditional curriculum and degree requirements, the buyer's market for students and increasing costs and declining resources are in fact equivalent to the classic marketing problems of sales decline, slow growth (in one market segment), changing buying patterns, increased competition, and increased sales expenditures, respectively.

#### **II.3.1. Marketing competencies and the strategic marketing process**

Universities world-wide are experiencing changing ideas and purposes and increasing number of rivals in the general community. Strategic marketing management for them is much more complex than that implied by Smith and Cavusgil (1984) who recommended that universities concentrate mainly on strategies of product, channel of distribution, pricing and promotion. Today, universities are forced to re-evaluate their missions and overall strategies in order to compete in a turbulent environment where rapid expansion in the past decade has been followed with contraction of public funding. Institutions have become big business enterprises which, however, have mainly engaged their more aggressive promotional activities in student recruitment. Figure 3-3 suggests a strategic marketing process whereby institutions should conduct an environmental scan prior to determining institutional missions. In turn, the determined mission will direct formulation of goals, objectives, and strategies for universities-in-transition. This proposition differs from other models in a way that conventional idea of strategic planning is to conduct the entire planning process under the direction of predetermined institutional missions and goals.

**Figure 3-3 The strategic marketing process for universities-in-transition \***

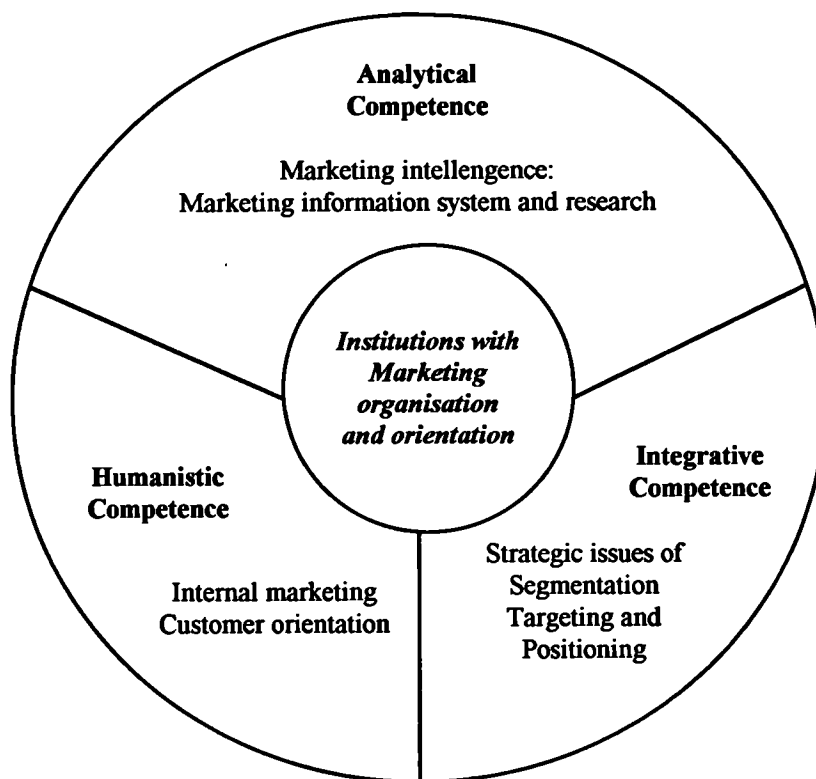


\* Compiled and modified by the author from the studies quoted in Section II.3.1.

Environmental scanning is an essential tool for identifying external opportunities and internal capabilities together with institutional constraints. For an environmental scan to be effective, a market-oriented institution builds a comprehensive marketing intelligence system for monitoring customers, competitors, and other external environments, among which the Public has gained increasing attention. This researcher therefore expands and re-classifies Day's (1992) proposition of marketing

competencies into three main areas, namely analytical, integrative and humanistic, as delineated in Figure 3-4. These marketing competencies facilitate not only the operational level of the planning process but, more importantly, the strategic planning process at the institutional level.

**Figure 3-4 Marketing competencies and their contributions \***



\* Adapted with modifications from Day (1992).

Universities-in-transition have been argued to be the ones functioning as learning organisations in a rapidly changing environment, that may be political, economic, and technological. Being a learning organisation, a university adopts market orientation whereby institutions respond proactively to the external environment and customer demands. Market intelligence is the key to the possibility of this proactiveness through environmental scanning. Marketing's analytical competence takes into

consideration qualitative and quantitative situational analysis capabilities of marketing. It encompasses mainly marketing intelligence which has two inter-dependent elements, namely marketing research and information system. Many universities have an office called Management Information (the name varies for different universities) whose main function, as suggested by its name, is to compile data for management decision making. Marketing's analytical competencies should facilitate this office to gather relevant and viable market information and convert descriptive data into useful and usable information for the management.

Marketing's integrative competencies entail those capabilities that deal with strategic issues of positioning of institution as well as its programmes, market segmentation, and targeting of customers. These capabilities of marketing allow a university to scrutinise marketing strategies of rival institutions to determine its strategic choice of the scope of services, target segments, growth considerations, and the nature of relationships with other institutions. Similarly to other public services (Litten, 1980; Lamb, 1987), the resulting "positioning" of that institution in turn instigates a unique set of services which are not sufficiently provided for by other institutions. As discussed previously, this set of services entails a complex package of services a university offers based on its organisation and resources.

The humanistic competency reflects marketing attention to the internal culture of customer orientation in an institution. One of the difficult challenges to collegiate leaders today is to establish a marketing organisation with a market orientation in a setting where there has been a strong tradition of academic autonomy and there has been misinterpretation of marketing with a negative connotation of selling. Marketing's humanistic competency takes a leading role in a multi-disciplinary and multi-function organisation for inducing collaboration and co-operation of its academic and administrative staff. Quality of education services depends on individual stakeholders' behaviour which can be influenced by the culture of an institution. This cultural perspective seeks to provide a way of achieving concentration, consistency, and flexibility of strategic direction (Pearson, 1990). The most effective means of changing the culture is through symbolic changes which, in general, are in areas of

resources, information, and support. In parallel with the environmental scan of external markets, universities-in-transition also examine their existing organisational structure and current internal functions as well as internal constraints and stakeholders' views. Internal functions include the existing intelligence system, interfaces among departments and offices, competencies of both academic and administrative staff, and production processes of the range of outputs produced by a university, in particular graduates. As discussed in Chapter Two, the department or office in charge of marketing functions is merely in a position to facilitate university-wide marketing activities. The actual marketing functions should in practice be performed by all internal stakeholders. A marketing audit which will be discussed in the last Section of this Chapter is a process whereby institutions scrutinise their existing market-oriented activities.

Idenburg (1993) argues in his article on styles of strategy development that

*“strategy development is the management of goals, processes and power politics and will occasionally have to make way for emergent strategy when orientation towards goals or steered processes offers no solace.” (p.137)*

When universities struggle through changes of funding mechanisms as well as regulatory control and compete for contracting public funds for higher education, the 'transitional state' that they are in calls for consideration of an emergent strategy in addition to the rational planning that they are accustomed to. One possible option for these institutions is institutional entrepreneurship which involves a process of recognising opportunities at all levels and organising uncertainties in collaboration with resources deployment according to the current institutional mission and vision.

### **II.3.2. Interface of strategic marketing and entrepreneurship**

Entrepreneurship has been characterised as a process of risk taking, innovativeness, and proactiveness (Morris and Paul, 1987; Covin and Slevin, 1991). It has gained growing attention in areas of corporate development and growth and their strategic

planning processes due to the need to develop such characteristics in large and more established organisations in transition (For example: Burgelman, 1985; Gartner, 1985; Sexton and Smilor, 1986). Marketing activities, on the other hand, handle the uncertainty inherent in turbulent environments with a marketing concept, philosophy and market-orientation. Murray (1981) argues that marketing is in fact the home for the entrepreneurial process in organisations. A study conducted by Morris and Paul (1987) indicates that more entrepreneurial firms are more marketing oriented and marketing provides an effective vehicle for achieving entrepreneurship within the corporation. Likewise, Hills and LaForge (1992) advocate that both entrepreneurship and marketing disciplines share a similar philosophy as well as the nature of their behaviour. They both are attuned to markets' needs and interplay with the environment. Some scholars contend a broader scope of entrepreneurship in an organisation that it is able to cut across multiple levels vertically and multiple functions horizontally (Covin and Slevin, 1993; Zahra, 1993).

Corporate entrepreneurship is defined by Jones and Butler (1992) as

*“the process by which firms notice opportunities and act to creatively organise transactions between factors of production so as to create surplus value.” (p.735)*

Stopford and Baden-Fuller (1994), on the other hand, put forward the notion of

*“innovations that require changes in the pattern of resource deployment and the creation of new capabilities to add new possibilities for positioning in markets.” (p.522)*

They suggest three major types of corporate entrepreneurship, namely corporate venturing or 'intrapreneurship' as it is sometimes called (Jones and Butler, 1992; Wonders and Gyure, 1991), organisation renewal, and 'frame-breaking change'.

Entrepreneurship is central to the value-creation process by which entrepreneurial profit can be obtained across functions and at all levels in the firm, provided a structure is in place to allow rights and responsibilities to match and employees to receive the rewards that accrue from their activities. Only when an organisational

culture is one that promotes the development of norms and values of excellence in innovation and services, can the institution begin to encourage intrapreneurship in its strategic management. The 'frame-breaking change', however, has a more stringent requirement where the behaviour must transform not only the enterprise but also the competitive environment or 'industry' into something significantly different from what it was. In addition, the attributes of corporate entrepreneurship, namely proactiveness, aspirations beyond current capability, and team-orientation, have become pervasive throughout the organisation.

Entrepreneurs in an organisation-in-transition tend to continue with a course of action despite experiencing negative outcomes when the level of ambiguity is high and slack resources are available (Brunsson, 1982). A theoretical framework for managing the entrepreneurship-management link is developed by Jones and Butler (1992) in order to place entrepreneurship and entrepreneurial behaviour within the mainstream of strategic management. In order to encourage the bearing of uncertainty, they propose to raise the visibility of an entrepreneur's performance and increase accountability of that person with an outcome-based reward system (rather than a behavioural-based contract), such as career paths, whereby managers are under pressure to bureaucratise the organisation to ensure successful entrepreneurship and subsequent growth. Morris et al. (1993) discover that entrepreneurship is highest under conditions of balanced individualism-collectivism but declines in either highly individualistic or collectivistic environment in an established firm.

A university includes many professionals in its community. The collegial model characterises processes of academic operations where courses/programmes and research projects are initiated from within individual departments but the decision process is a combination of individualist and collectivistic modes. This operation could in fact facilitate intrapreneurship as discussed previously. Figure 3-5 groups the three major types of corporate entrepreneurship (Stopford and Baden-Fuller, 1994) in the context of higher education. This intrapreneurship is associated mainly with academic staff who are expected today to organise uncertainties and notice opportunities in their research endeavours and courses/programmes design and

planning. Many institutions have research centres that are headed by faculty members for external research and/or consultancy projects. Although the professional bureaucratic structure (Mintzberg, 1979) existing in universities is arguably an inflexible structure for innovation (Maassen and Potman, 1990), this multidivisional structure has a value in ensuring strong functional control and supervision which are necessary in raising the visibility of an entrepreneur's performance and his/her accountability. Moreover, the recent trend of increasing regulatory and institutional control (by evaluating performance indicators for funding purposes) and public accountability of higher education encourages the process of institutional entrepreneurship among faculty members. The business-like managerialistic organisation illustrated in Figure 3-1 should underpin this intrapreneurship.

Organisational renewal is, according to Stopford and Baden-Fuller (1994), a more

*“expansive notion of a complete business altering its resource pattern to achieve better and sustainable overall economic performance.” (p.522)*

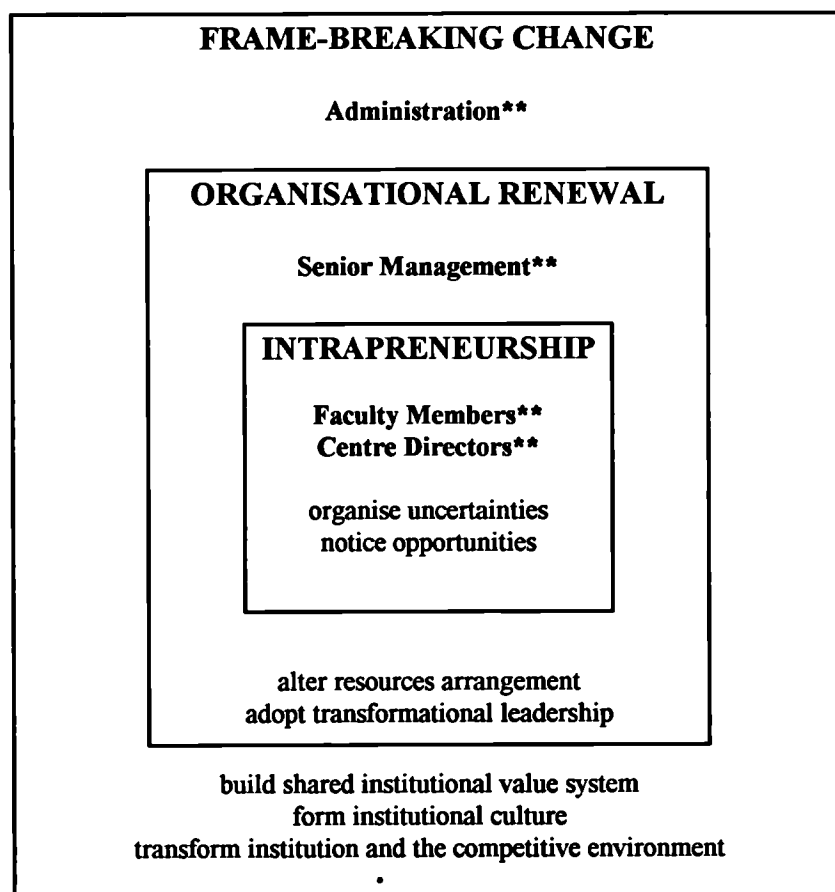
To be sustainable in renewing a university, more pervasive effort involving the Central Management and their leadership is necessary. As regulatory and institutional control are becoming more stringent due to changes in governmental funding policies, the Central Management functions become more similar to those of Chief Executives in a bureaucratic model. Coexistence of both bureaucratic and collegial models in universities tends to create tensions between the Central Management and faculty members.

A major issue which has provoked debates within institutions is the efficiency of resources deployment which is emphasised in the bureaucratic model as opposed to academic autonomy and freedom advocated in the collegial model. In order for an institution's renewal to succeed in its transition period, the transformational leadership of members in the Central Management enables them to a) develop a vision of what the institution can be (being an individual entrepreneur him- or herself), b) mobilise the organisation to accept and work toward achieving, and c) institutionalise changes to last over time. In contrast to the traditional egocentric view of leadership,



Bensimon and Neumann (1993) view this collective and interactive act of the team activity of the Central Management as a culture which stresses processes of working, namely the ways of coming together, growing together, working together, and also coming apart, rather than simply the product of a team activity.

**Figure 3-5 Layers of institutional entrepreneurship \* for universities**



\* Three types of corporate entrepreneurship according to Stopford and Baden-Fuller's (1994) framework

\*\* Major players for outer layers include the ones in the inner layer

When the Central Management decides on a further 'frame-breaking change' for the institution in terms of managing to find and deploy new combinations of resources as

a means of retaining leadership among rivals, tensions may arise between the Central Management and the administrative staff who are in the position of safeguarding the continuity of institutional operations and preservation of current systems. The internal marketing process then becomes the means at the operational level for building a shared institutional value system on the basis of the Central Management's vision and eventually forming an institutional culture by virtue of symbolism. The administration again is in a place of re-reinforcing 'preferred' attitudes and orientation from internal stakeholders of a university through appropriate management methods, personnel policy, internal training policy, and planning and control procedures.

A key difference between higher education and many other public services is that, although universities should provide an equal opportunity for students, they have the liberty of selecting target customers for their academic programmes by means of customers' academic achievements without being constrained with the equity issue. This principle allows institutions to operate more according to market forces than offer public services counterparts. A marketing audit is a commonly used management tool for examining an organisation's marketing environment, objectives, strategies, and activities with a view of determining problems and opportunities and recommending viable action plans. This research adopts a marketing audit model in order to systematically analyse current marketing operations of case study universities.

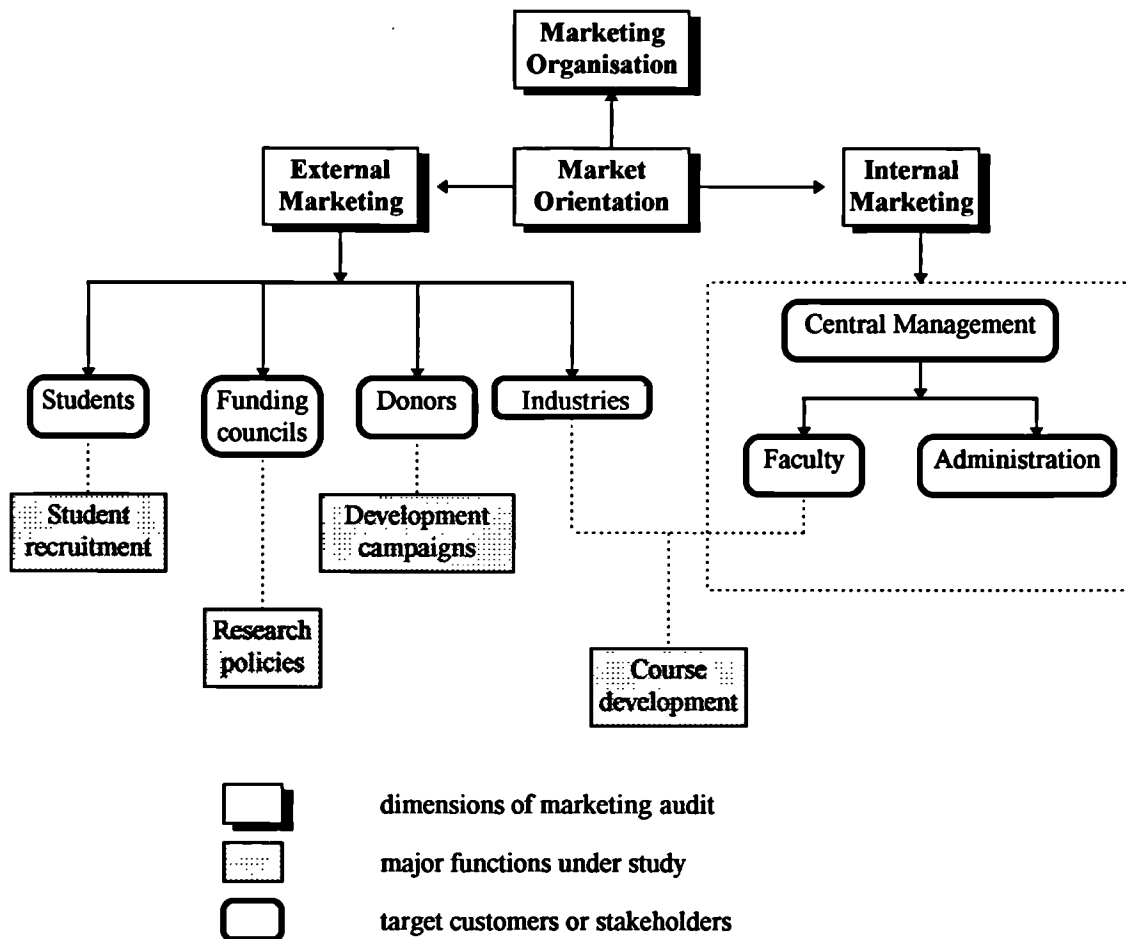
### **III. Marketing Audit Model for Case Analysis**

Basic marketing audit elements that have been discussed in a business context for physical goods are marketing environments, strategies, organisation, systems, productivity, functions and basic financial analysis (Wilson, 1982; Kotler et al., 1989). Berry, Conant and Parasuraman (1991) propose, on the other hand, to consider marketing orientation, marketing organisation, new customer marketing, existing customer marketing, and internal marketing for the service industry. Goldgehn (1982) utilises categories of marketing environments, strategies, organisation, systems,

productivity, and functions when conducting a marketing audit on higher education. This research integrates propositions from both Goldgehn and Berry's team and devises a generic framework for understanding strategic marketing practices in the case study universities from a micro-environmental and within-organisational perspective (as depicted in Figure 3-6).

Two major issues are noted when developing constructs for this study: a) Higher education differs from many other service enterprises mainly in its social responsibility and the context in which decisions are made due to the ownership of the government in Britain and Hong Kong; and b) education is argued to be an intellectual *process* rather than a technological *product* (Scott, 1987).

**Figure 3-6 A marketing audit model for universities**



### **III.1. Market orientation and its derivatives**

The market orientation of an institution is the cornerstone of the proposed marketing audit model. When analysing the market orientation, the research seeks to observe not only ways for understanding customers' demand and pervasion of customer-focus philosophy in central management, administration and academic affairs, but also the level of comprehension these internal stakeholders have of the environments they operate in. The marketing organisation, on the other hand, is part of the organic structure which provides the climate for a learning organisation to exercise its market orientation (Slater and Narver, 1995). This functional organisation can be a invisible hand or an apparent structure in a university.

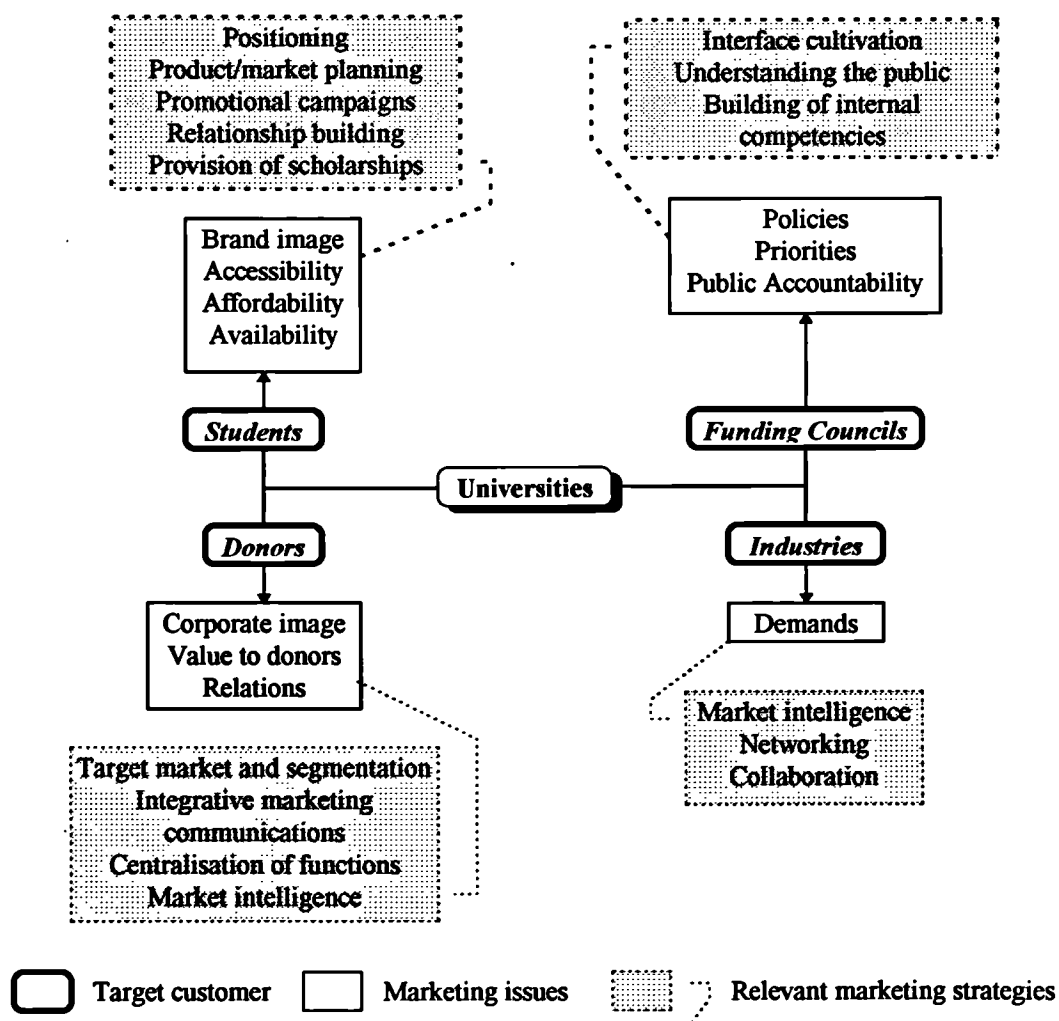
Marketing strategies vary according to the context wherein academic programmes and target customers are being considered (referred to Figure 3-2). Evidence indicates a strong need for universities to use internal as well as external marketing (DES, 1986; FESC, 1986). Because of a high degree of interaction between an institution's staff and many of its customers, management of the buyer-seller interaction is crucial. The aspect of internal marketing for this research, entails ways in which the university seeks to build an institutional culture of market orientation. Therefore, institutional entrepreneurship is an important element to be examined under this umbrella. External marketing, on the other hand, targets four segments, namely students, funding councils, enterprises and donors; and focuses on four broadly corresponding functions: student recruitment, course development, research policies, and development campaigns. The research follows the logic developed in this Section to examine case study universities' external marketing strategies. Their strategic marketing practices are further delineated in accordance with the supplier-user relationship of individual programmes and universities.

### **III.2. Targets for external marketing strategies**

Most studies consider students as primary target customers for higher education institutions and emphases have been placed on student recruitment and student affairs.

When seeking alternative sources of income as a result of contraction of public funds, many institutions target the development of relationships and collaborations with industries and donors. In addition to these three well identified customer segments, as the majority of universities in both Britain and Hong Kong are funded by the Funding Councils, these councils are also considered very important target customers who purchase places for students and allocate funds for institutional research endeavours in accordance with the government policies. Figure 3-7 delineates major marketing issues and corresponding marketing strategies for these four customer segments.

**Figure 3-7 External marketing for universities**



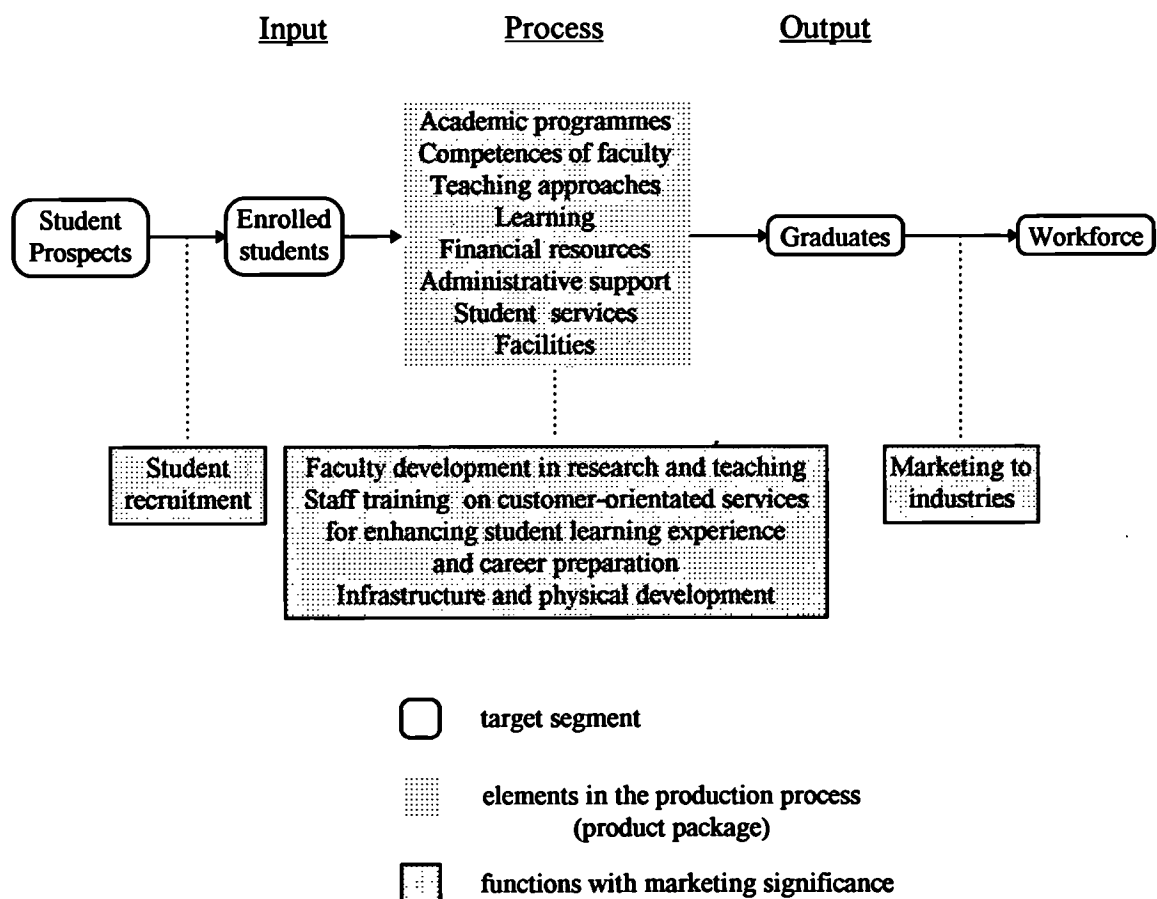
## **1. *Students***

Students are considered as the target market where educational programmes are concerned. Similarly to other service industries customers are recipients of services and simultaneously participants in the process. In contrast to other target customers of an institution though, students are also the output of this production process for the labour market. Figure 3-8 depicts this entire production process and relevant marketing functions, such as student recruitment, course development, and marketing the production output. Elements in the production process represent auxiliary inputs that facilitate students' learning experience in an institution and ensure the quality of its output. The planning and development of these elements reflect the extent to which a market orientation pervades the institution. Institutions initiate contacts with industries in various stages of this production process by means of varying marketing strategies which may in fact begin from course development whereby industries and/or society's demands for students' capabilities are incorporated. Other marketing strategies for planning students' career prospects and promoting graduates to industries also constitute major aspects of external marketing.

According to the framework proposed in Figure 3-2, target student markets in different quadrants call for varying strategies in different contexts. Mainstream full-time higher education operates mainly in supplier specified quadrants wherein programmes are planned mainly by faculty members. Student places in these two segments have been under the control of the Funding Councils by means of their formula based block grants in both Britain and Hong Kong. A three-year cap on growth in student numbers has been instituted since 1994 in Britain and will be implemented in Hong Kong for the 1998-2001 triennium. As an alternative, institutions are seeking ways to broaden their accessibility which has become an important strategic marketing issue. Other impetuses like lower demand for some pure science courses and overall demographic shift compel the transaction between universities and students to move to the "user-specified" quadrants wherein prospective students are older and they are in a position to select more

actively desirable courses of study for self development or personal enrichment. As a result, demands for individual courses are much more sensitive to market forces. These programmes include full-time and part-time degree or certificate courses.

**Figure 3-8 The production process of a university**



Brand image is paramount for any programme in any institution. Building brand image entails not only promotional tactics but more fundamentally, the establishment of competent faculty and quality academic programmes. Institutions in transition (such as newly-designated universities) seek to establish a unique

brand image which differentiates themselves from other rivals in a competitive higher education community. Other marketing issues as identified are accessibility, affordability, and availability of academic programmes for a variety of student segments. The accessibility is proposed to be considered from two aspects: a) convenient locations or scheduled in a more flexible mode, and b) recruiting students with less satisfactory academic performance but with the capability for good performance. The affordability, on the other hand, entails competitive pricing and providing financial assistance to needy students. Availability of programmes for certain target segments is a complex issue. Institutions are sometimes compelled to continue certain low-demand programmes with high financial burden because of their inherent social responsibilities. Therefore, business principles of product/market planning may not apply indiscriminately to universities.

## **2. *Funding Councils.***

Funding and research councils in Britain and Hong Kong exchange public funds for student places and research outputs of institutions. Public funding for universities has been a dual funding arrangement. Prior to the new UGC strategy in 1985/6, the greater portion of public funds to universities in Britain was from the UGC through the quinquennial block grant system. The other portion was from research councils who obtained funds from the government and allocated them to universities without much scrutiny. The new strategy was to allocate funds for research based on an explicit assessment of the volume and quality of research in each individual department. As polytechnics and some higher education colleges were re-designated as universities in 1992/3 in Britain and 1994 in Hong Kong, there were more competitors for research funds. Teaching and Learning Quality Assessment Exercises, on the other hand, have no implications on funding to institutions. These exercises are conducted for providing additional information to students and other decision makers and/or influencers when selecting institutions.



After the government shifted 25 per cent of its research budget away from the funding councils to the research councils in 1993, research council funding became subject to near full cost pricing in Britain (Williams, 1995). Hong Kong followed suit in 1995. The research councils' focus on different priority areas of research depended upon the government's directives. They then encourage research in these areas by means of the funding mechanism. As the formula based block grant for teaching is based on a fixed amount per student place, institutions are powerfully encouraged to concentrate on obtaining higher research assessment scores which allow them to receive more research funding. One way of achieving this is to bid for funds from research councils. Being able to anticipate the funding council's direction and priority for development, institutions are in a more competitive position to bid for funds for their own future endeavours.

### **3. *Industry***

The pressure from both industry and the public sectors today forces universities to produce technically educated or skilful graduates to meet the demand of the labour market. Government policies in both Britain and Hong Kong facilitate increasing involvement of industry in higher education. The Education Reform Act of 1988 in Britain promulgates more industrialists' participation in Funding Councils where non-academic membership was biased towards the industry and business (Becher & Kogan, 1992). Involving industrialists in funding councils' policy making results in far-reaching pressure for changes in the discourse of higher education. Hong Kong counterparts, on the other hand, have essentially been under the influence of industries in producing professionals and technologists who are basically marketable (Cheung and Luis, 1988). Moreover, contraction of public spending for higher education compels institutions to seek external sources of income by collaborating with industries in areas of research, consultancy, and training. Industries then play a complex role in institutional strategic planning processes as clients for outputs of institutions' academic programmes and research projects, namely graduates with desirable competencies and technology transfer, respectively, and various training and consultancy services provided by academic

departments. Hence, the essential marketing issue for this segment of industries is basically their demand for these different forms of products.

There are a number of existing channels for institutions to collect market intelligence of industrialists' demand. With respect to producing graduates with desirable skills for the labour market, industrialists are invited to various committees for their input in development of academic programmes, such as Council, Advisory Committees for schools and/or faculties, and the team of external examiners for various courses, particularly those that are governed by professional bodies. As to research outputs and other services, networking with industries can often be attributed to the institutional entrepreneurial effort of staff and/or departments. Academic staff and departments seek collaboration with industries in research projects or solicit consultancy and/or educational services to industries at either an individual or a department level. Recently, some institutions have established a central office for industrial relations with a main purpose of centralising resources and establishing databases resulting from market research. Tension between this office and individual academic staff and/or departments or offices is inevitable. How to institute proper institutional chains of command for facilitating effective operations as well as best utilising institutional resources becomes a challenging task for Central Management.

#### **4. *Donors.***

Fund-raising was not high on most universities' agenda in Britain or Hong Kong before the early 1980s. Many of them, now, are under pressure in seeking alternative sources of funds while experiencing contraction of funds from the funding councils. While vice chancellors are the central decision makers and strategists in fund raising (Anderson, 1984), the institution administration's commitment to the campaign is fundamental (Bezilla, 1990). Senior managers of higher education institutions are important in activating the fund-raising process by helping to develop a symbiotic relationship among board/council members, development staff, and other volunteers. Black and Miller's (1991) study

identifies six key success factors in fund-raising: institutional planning, strategic fund-raising activities, nonstaff participants, staffing patterns, technical assistance, and institutional affiliation. Other studies also discover more specifically crucial factors for successful campaigns. Gearhart and Bezilla (1991) stipulate an integrated organisation. Dudley (1987) suggests the campaigns have a chairman who has a high degree of status in the community, reflects a favourable corporate image, and devotes sufficient time to devote to the project. It is also crucial to have a central or integrative marketing information system for identifying donors and their demographic characteristics, the location, the size of those particular market, and their basic motivations for giving or not giving (see Elgass and Lawrence, 1987; McNamee and Yancey, 1990). Essentially, a donor donates for a value or benefit in return. Universities then are to identify these values and benefits for respective segments and communicate them to the prospects.

#### **IV. Conclusions**

To summarise the arguments of this Chapter so far, marketing practices in higher education have evolved from a manufacturing industry analogy to more strategic thinking in a dynamic environment. It is therefore important to examine strategic marketing contextually when referencing theories developed from a business context. The researcher identifies four fundamental differences in bottom-line considerations between business and higher education, namely profit maximisation, customer satisfaction, outcomes after purchase, and complexity of product. On the basis of these considerations, the researcher proposes a holistic typology of strategic marketing management for universities-in-transition. The typology encompasses a taxonomy and a series of frameworks which are developed from prevalent paradigms of strategic marketing in business and public services industries:

1. An organic structure in universities-in-transition entails three distinct but inter-related segments of internal stakeholders, namely Central Management, Faculty and Administration, in addition to the collegial committee network.

2. Change of universities' culture to become a market-oriented enterprise culture is to be facilitated by cultivating institutional entrepreneurship in a way that the process begins with intrapreneurship.
3. Strategies and resulting resources planning and deployment for the university's programme portfolio are to be integrated in accordance with institutional positioning, competitiveness of the programme portfolio and the intended target users.

This theoretical platform is to be examined and evaluated by means of case universities and to be grounded in the contemporary context of higher education in both Britain and Hong Kong.

## **CHAPTER 4 METHODOLOGICAL APPROACH OF THE RESEARCH**

This chapter discusses research methodological considerations for investigating current strategic marketing practices of selected universities in both Britain and Hong Kong. The research attempts to examine these practices on an individual basis in order to understand holistically from the context wherein that institution operates. With this objective, the case study method of a qualitative research approach is selected to allow an in-depth understanding of those selected universities. Characteristics and important issues of this methodology and its assumptions as well as tests of validity constitute the majority of discussions in this chapter. On these grounds then, the last section of the chapter describes case study methodology and selection of case study universities.

### **I. The Purpose of the Research**

Based on a thorough examination of evolution of strategic marketing in business and the contemporary practices or lack of them in the higher education context, the previous two chapters discussed how the regimen learnt from business is being adapted by universities in today's transitional environment. The frameworks of the regimen will be served as the skeleton for the researcher to observe and analyse in-depth the empirical situations of case universities in Britain and Hong Kong. The purpose of the research is to conduct a comprehensive analysis of actual strategic planning processes and marketing activities in universities which encounter various impetuses for changes in areas of strategic direction, functions, and even to the extent of the philosophy of management and operation. As indicated in Chapter One the research focuses on universities micro management issues in response to the rapidly changing macro environmental forces. The integration and contextualisation of strategic planning of academic programme portfolios in accordance with the position

of individual universities are to be considered by means of the taxonomy of supplier/user relationships. The model of marketing audit is adopted to delineate and discuss four major functions in the university, namely course development, student recruitment, research policies, and development campaigns.

The analysis is expected to provide insights into the extent to which these impetuses have impacted on strategic marketing management in conventional and newly-designated universities from a positivistic perspective by which, as Denzin (1989) articulates, objective reality can be captured both at the level of data and description. Hammersley (1992) argues, however, that the values of the researcher would inevitably implicate the production of the data and, consequently, inferences from the data analysis. The structural characteristics and decision-making processes in the university are also explored for the understanding of culture and climate of a learning institution (Slater and Narver, 1995). Such an analysis at the theoretical level is expected to function as a descriptive and interpretative tool for the refinement of the strategic marketing framework developed for universities.

## **II. Paradigm of the Research**

Methodological strategies have traditionally been designated either as quantitative or qualitative (Scott, D. 1995). The assumption that they represent two distinct and opposed approaches to the study of the social world has, however, been challenged (see Morgan and Smircich, 1980; Hammersley, 1992). Morgan and Smircich advocate a continuum of subjective-objective for assumptions regarding ontology and human nature and, in turn, epistemology about the social world. Knowledge of the social world from an objectivist view gives rise to the epistemology of positivism which emphasises the importance of studying the nature of relationships among the elements constituting that structure. At the other end of the continuum, the highly subjectivist view of reality as a projection of individual imagination would dispute the positivist grounds of knowledge in favour of an epistemology that emphasises the

importance of understanding the processes through which human beings concretise their relationship to their world. As this continuum proceeds from the extreme objectivism to the subjectivism, the conception of the world moves from a closed system to an open system. Furthermore, Hammersley (1992) argues that dichotomisation between quantitative and qualitative methods is a rough and oversimplified one and it may in some cases lead to misleading conclusions. The research techniques and methods used, therefore, are suggested to be determined by their nature and significance shaped within the context of the assumptions on which the researcher acts.

In contrast to method, methodological framework defines a specific research approach with particular understanding of purposes, data, analysis and the relationship between data and their inferences (Scott, D. 1995). Thus different frameworks may embrace the same data collection method and vice versa. The researcher is not so concerned with the data-collection method as with the methodological framework within which the research activities occur. The research reported in this thesis emphasises the importance of understanding contexts in a holistic fashion. This epistemology of contextual approach is concerned with a understanding of the process of how organisational changes in terms of its strategic practices evolve with its environment. The kind of questions to be addressed calls for a case study approach whereby interview questions are proposed in accordance with those propositions discussed in Chapter Three to a) arrive at an in-depth understanding of particular strategies and issues, b) to produce reflective accounts on the data collection and analysis processes and c) to generate new insights for grounding the initial theoretical framework.

## **II.1. Characteristics of the research paradigm**

The method of case studies is defined by Robson (1993) as

*“a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.” (p.146)*

The ethnographic approach is also a way to study a group, but in most cases, on an exploratory basis. Case studies are sufficiently broad to encompass ethnographic studies. The adopted case study methodology has the following characteristics and issues of concern:

**1. *Inductive vs. deductive approach:***

Strategic marketing practices in the context of higher education are in the informative stage of development where they do not yet have well-defined hypotheses about when, why and how these practices are being employed. Agar (1986) argues that explicit hypotheses are inappropriate to research problems concerning ‘what is going on here?’ Theory developed inductively then emerges from many disparate pieces of collected evidence interconnected as defined by the grounded theory (Glaser and Strauss, 1967). In contrast to deduction which derives particular conclusions from general premises, inductive arguments derive a generalised conclusion on the basis of particular, often empirically derived, premises or observations (McGraw and Watson, 1976). Inductive inference thus goes beyond its premise. Nunnally (1974) argues that

*“an inductive inference is never finally accepted as absolutely true. Some inductive inferences are supported by so many observations that one can be extremely confident that they will hold true tomorrow.”* (p. 41)

According to Hammersley (1992), however, all research involve both deduction and induction in the broad senses where all research move from ideas to data as well as data to ideas. Zaltman, LeMasters and Heffering (1982) consider both inductive and deductive approaches as part of the same theory construction “wheel.” (p.112) This research aims to discover mainly what the constructs and their plausible causes might be, but the process is undertaken on the basis of the propositions developed from practices of the business counterparts. These propositions are to be further investigated by means of empirical objects, such as



institutional situations, types of variables and their relationships, and research questions that are in mind.

## **2. *Holistic approach:***

The institutional environment and situation under study are not isolated into several variables, but are viewed holistically. In addition, the research methodology aims to comprehend the complexity of its multiple components and the characteristics and interrelations of these components. This approach has two important implications: First, each case study university has its unique historical background, philosophy, culture, and managerial structure. There are no pre-defined variables or limited set of causal relationships among them. The components of the situation under study are treated as broad categories of factors in the context of each university. Second, it implies a systematic approach to the reality. This proposed research not only is concerned with the focal and explanatory variables as listed in the first Section and the implication of their interactions on universities' strategic marketing planning processes, it also attempts to study whether and how the observed interaction has evolved over time. This qualitative emphasis on process has been argued to be particularly beneficial in educational research (Bogdan and Biklen, 1992) which, in the case of this study, is more for the actors' perspective and their attitude toward 'strategic marketing'.

## **3. *Phenomenological approach:***

This research is interested in learning about facts, events, and strategies as they actually occurred. In order to retain the objectivity and the 'naturalness' of qualitative research (Emerson, 1983), the researcher tries to achieve the goal of understanding subjects from their own frame of reference and their own 'point of view'. This goal is commonly shared by other qualitative researchers (see Taylor and Bogdan, 1984; Bogdan and Biklen, 1992). This inherently phenomenological characteristic of qualitative approach calls for collecting and cross-checking data on these events from numerous and varying sources in order to avoid possible

‘observer effect’ or ‘hawthorn effect’. Hammersley (1992) cautions though that it would be difficult for qualitative research to restrict itself to documenting only the native point of view because researchers can never entirely escape from their own assumption about the world. This leads to another commonly recognised character of qualitative research, namely hermeneutics.

The hermeneutic character of qualitative research affects much research to be concerned with attitudes rather than simply with behaviour. Hammersley (1992) suggests the more contingent relationship between perspective and behaviour. Investigating the actors’ perceptions of an event, nevertheless, is not merely to know more about these actors’ representation itself but more importantly to learn indirectly more about the event itself. Critiques of behaviourism added that it is not possible to study human behaviour without attributing meanings to it. Therefore, researchers in the phenomenological mode also venture to understand the ‘meaning’ of events and interactions among actors in situations under study (Bogdan and Biklen, 1992), but

*“objects, people, situations, and events do not possess their own meaning; rather meaning is conferred on them.” (p.36)*

This assumption is one of the fundamental premises for symbolic interactionism which is a conceptual paradigm for the process of interpretation (Mead, 1934; Blumber, 1969). How to ensure the capturing of perspectives accurately and precisely becomes a continued challenge to the researcher during the course of this study.

## **II.2. Strategies for data analysis**

The structure for qualitative data analysis derives first from the data. In other words, researchers utilise this structure to systematically analyse data from qualitative studies so as to tease out themes, patterns, and categories (Easterby-Smith et al., 1991). This research began with a brief exploratory study in the researcher’s own university for

the purpose of understanding in a preliminary way what a piece of qualitative approach of this study may entail, such as the senior management's perception of the study and, in turn, how to formulate issues for discussion accordingly in order to ensure smooth progress of data collection and objectivity of the collected data. Some findings from this pilot study later helped in developing initial propositions for the case study.

Comparative analysis has grown to encompass several different meanings. Glaser and Strauss' (1967) discussion of comparative analysis as a strategic method for generating theory is referring to a vigorous iterative process to collect evidence to reflect the factual situation, to generalise empirically, to specify a concept, to verify theory, and to generate theory. Grounded theory by 'grounded theorising', according to Glaser and Strauss (*ibid.*)

*"can be presented either as a well-codified set of propositions or in a running theoretical discussion, using conceptual categories and their properties."* (p. 33)

The initial propositions of this research based on comparison of business and higher education contexts function, however, in Glaser and Strauss' (*ibid.*) term as a "organising strategy" rather than a theory, that is:

*"Make comparisons among an array (of social interactions) to build a frame of reference that will encompass the data."* (p.133)

Grounded theorising develops a dialectical relationship between theory building and data collection. Analysis of data reflects the notions of 'theoretical sampling' and 'constant comparative analysis'. 'Theoretical sampling' refers to the process of data collection being guided by an analysis of that data which have been collected in previous cases. The strategy of 'constant comparative analysis' involves the ongoing, systematic classification and organisation of the data into various themes, and the constant comparison of data within and between themes.

Easterby-Smith et al. (1991) also suggest a sequence of events for applying grounded theory to conducting in-depth interview, namely familiarisation, reflection, conceptualisation, cataloguing concepts, recording, and linking. They also recommend conceptual frameworks as boundary devices for structured interviews. Although the original grounded theory stresses the importance for researchers to be free from having preconceived notions of relationships between phenomena, later works of Glaser and Strauss modify this position and accept that researchers must approach the task of collecting data within some form of conceptual framework.

Znaniecki's (1934) advocacy of 'analytic induction' entails the use of constant comparative techniques for analysing data. It also acknowledges a period prior to the fieldwork to circumscribe and set limits to the area of study and to develop hypothetical explanations of the phenomena that concerns the researcher. This inductive process, however, inevitably includes some deductive elements (Cocklin, 1993; Scott, D. 1995). As Scott, D. (1995) argues,

*"theory development does not start after data have been collected, but takes place throughout the fieldwork period." (p.95)*

Initial, tentative and incomplete theory-development could occur in response to the collection of a small amount of data whether they are from interview or secondary sources. The emergent themes then guide subsequent data collection and the methods used. These themes and their interrelationships operate deductively in theory development which, in turn, becomes a testing of their veracity. This iteration continues in a process of refining the original theoretical constructs. Analytical induction therefore operates concurrently with deductive elements.

Zaltman, LeMasters and Heffering (1982) construct theories-in-use for marketing professionals to develop theories. Similarly, this approach is

*"an inductive, inferential process of thinking about phenomena. ...individuals often think and behave in terms of 'if I do this, then that may happen.' These thoughts may not be very conscious or explicit, and generally the observer or theory builder can only assume that such if-*

*then thoughts underlie particular behaviours. 'Putative theory' may thus be an equally valid term for the approach..." (p.114)*

These theories-in-use then reflect both single-subject research and grounded theory. Using single subjects, be they persons or organisations, as a source of data and developing theory from these data has been a common methodology whereby mapping of experienced reality results in knowledge. The case study approach is a representation of single-subject research. Consequent concepts generated from grounded theorising require careful operationalisation with sampling biases identified and validity and reliability tests performed.

### **III. Validity of the Research**

Whilst qualitative methods allow researchers to stay close to the empirical world (Blumber, 1969) and they are designed to ensure the data reflecting the reality, validity of the qualitative approach has invited much controversy. Some scholars have argued the fallacy of considering validity a standard issue for social research (Agar, 1986; Stanley and Wise, 1983). Others are concerned fundamentally about whether qualitative research is really scientific (Fielding and Fielding, 1986; Hammersley, 1990). The recent discussion in the field however favours validity as an important consideration for qualitative research. For example, Silverman (1993) states in his book:

*"if social science statements are simply accounts, with no claims to validity, why should we read them?" (p.155)*

Much literature on social science research methods advocate convergent validation or what has been called 'triangulation' (Jick, 1979) for improving the accuracy of researchers' judgement. The present research adopts 'triangulation' for both the internal and external validity of the study. Internal validity is more self-reflection, according to Sommer and Sommer (1986), on

*“the degree to which the instruments or proceedings in a study measure what they are supposed to measure.” (p.286)*

Whereas external validity is concerned about generalisability (Campbell and Stanley, 1963; Schmitt and Klimoski, 1991).

Triangulation is described by Denzin (1978) as a combination of methodologies for studying the same phenomenon and those methodologies comprise a combination of document analysis, respondent and informant interviewing, direct participation and observation and introspection. According to Denzin, triangulation is categorised in two kinds: ‘between (or across) methods’ which tests the degree of external validity and ‘within-method’ that involves cross-checking for internal consistency or reliability by means of multiple techniques within a given method for collecting and interpreting data. The kind of ‘between methods’ is a more popular one which has been adopted for guarding against researcher bias and examining accounts from different informants in order to avoid partial views and to present a complete picture of an account (Taylor and Bogdan, 1984). As Fielding and Fielding (1986) call Denzin’s assertion “eclecticism” (p.34), they suggest that the use of triangulation should operate according to ground rules, that means researchers should begin from a theoretical perspective and choose methods and data which would show the structural context of the interactions studied.

Both ‘within-method’ and ‘between methods’ triangulation are adopted in this study. For data from each source, ‘what’ and ‘why’ questions are often being reflected: ‘what do I expect to see’; ‘what have I observed’; and ‘why is it as expected or not as expected’. On the other hand, for those data from different sources like official documents about a university and interviews of actors, the researcher analyses data from these two sources and identifies different emerging themes. The evidence is thereafter assessed to determine whether it is relevant in the context of the situation in which it arises.

#### IV. Case Studies

Bogdan and Biklen (1992) suggest in their book *Qualitative Research for Education* that, when choosing a study design, one should consider its compatibility with available resources and skills. This research attempts to investigate positions of universities with different historical backgrounds, implications of their individual positions on their strategic marketing management and the resulting structural or cultural changes as well as tension in respective universities. The propositions proposed in Chapter Three then are analysed with observations from case study universities.

There are various types of case studies, ranging from studies of individuals to studies of organisations or events. Yin (1989) differentiates 'holistic case studies' and 'multiple case studies' on the basis of the level of the unit of analysis. Werner and Schoepfle (1987a, b), on the other hand, categorise case studies into 'historical organisational case studies', 'observational case studies' and 'life history' while each one has special considerations for determining its feasibility for study as well as the procedures to employ. This research firstly examines the historical background of case universities. On this basis, it then investigates the evolution of these universities' operation, management and planning with respect to their strategic marketing processes. Therefore, the research utilises a combination of 'multiple' and 'observational' case studies in order to achieve its purpose. Although some argue that it is presumptuous for qualitative researchers to state exactly how to accomplish their work due to the flexible nature of qualitative study design (Bogdan and Biklen, 1992), this researcher however approached case study universities with Robson's (1993) emergent type of research design that comprises

*"a conceptual framework, a set of research questions, a sampling strategy, and methods and instruments for data collection." (p.148)*

Field research studies are usually based on one or more cases depending on access. This gives rise to the problem of 'representativeness' which is a perennial worry of

case-study researchers. However, generalising from cases to populations does not follow a purely statistical logic in field research (Silverman, 1993). Mitchell (1983) argues that the generalisability of cases should be to theoretical propositions rather than to populations or universe. This is of particular significance for universities in Hong Kong because all of them have their own unique conception and development historically. Generalisation of study cases to other institutions would hence be considered inappropriate. However, theoretical propositions induced from cases under study should aim to acquire the robustness to be able to explain similar phenomenon. The case study methodology of this research is hence guided by Bonoma's (1985) process model of discovery which leads the study process through:

*"(1) a set of theoretical generalisations from the clinical observations, (2) clinical 'constraint testing' of these generalisations, and (to) eventually (3) a clinically validated theory of some...phenomenon."*  
(p.199)

#### **IV.1. Selection of case study institutions**

In order to encompass universities with various backgrounds, both conventional and newly-designated universities were selected in Britain and Hong Kong. This research is not strictly comparative in nature, rather, it aims to delineate current practices of strategic marketing in universities. Of course, a certain extent of contrast between case study universities is desirable in order to understand variations in practices in responding to the context wherein those universities operate. As discussed in Chapter One, the binary policy and subsequent discriminatory funding mechanisms and formulae have promoted a disparity in institutional image which may affect input quality as well as demands for these universities. In responding to these impetuses, institutions in different categories may formulate varying strategies for their marketing activities and future planning which may result in a varying levels of internal tension. This research samples one conventional and one newly-designated universities from each territory. As development in these case study universities is dynamic and continuous, this research has inevitably to confine the time span of its data collection up to 1995 for British case universities. The time span extends further to 1996 for



their Hong Kong counterparts which experienced much more changes that are critical for this research after the legislation of re-designation in November 1994 which is two years later than that of Britain. However, some events that occurred beyond the time frame are discussed to the extent that substantiates the researcher's arguments.

Accessibility to subjects and availability of information are important considerations for case studies. In general, cases are selected due to their relative ease of access which is guarded by gatekeepers. Most researchers gaining access by having someone else vouch for them by personally contacting the gatekeeper or writing a supportive letter on official letterhead to prospective gatekeepers. In the case of this research, case study universities in Britain are mainly the ones recommended by the researcher's Academic Supervisor whereas the ones in Hong Kong are through the researcher's personal contacts. As this research examines strategic issues, interviewees are mainly senior executives of their respective universities. In order to obtain "alternative stories" and to verify data from interviews with the central authority and official documents, interviews with middle-level staff have also been conducted. As a result, some universities are being contacted more than once through either personal visits or correspondence after initial transcripts of interviews and documents having been examined.

### Britain

The University of Warwick was one of new green field universities in the 1960s. It has been extensively studied by other scholars on its management and business-like operations. In addition to these aspects which are of much value to this research, the researcher attempts to further understand how the entrepreneurial enterprise culture was evolved in a university setting and what implication this culture has on its academic development.

Newly-designated universities in both Britain and Hong Kong share similar issues in their formation, funding from the funding councils, and image of the public's perception. These new universities have been facing similar challenges of positioning

of the institution, forming desirable corporate image for the institution, and seeking alternative sources of funds. Based on the accessibility, Liverpool John Moores University is selected for this category in the British context.

### Hong Kong

There are six universities in Hong Kong. Among them, one college and two polytechnics were re-designated as universities in November 1994. The University of Hong Kong is a typical example of the category of “old” universities. This university was established in 1912 by the government and has for many years been the flagship of higher education in Hong Kong. The recent impetus of mass higher education mentioned in Chapter One on the operation and planning of this university is of great interest to this study.

Hong Kong Baptist University, on the other hand, is an example of a newly designated university. This university is selected due to ease of access as the researcher works here as a faculty member. Taylor and Bogdan (1984) have warned against studying settings where researchers have a direct personal and professional stake for possible bewilderment with their personal own perspectives and feelings. Of course, when writing up the case study, this research cannot escape entirely from her views and experiences. However, she has taken extreme caution in recording and interpreting other subjects’ perspectives so as to ensure her objectivity during data collection and analysis where reflexivity plays an important role in this process.

## **IV.2. Data collection**

This study adopts Taylor and Bogdan’s (1984) method of ‘overt research’ for its data collection where the researcher communicates research interests to prospective gatekeepers and informants. In order to protect the anonymity of individual informants, extracts from interview transcripts are not attributed to specific individuals. However, where relevant, an indication of their positions in the university

is given. Members in Central Management, Administration, and Academic Departments were interviewed in each university: Warwick, sixteen; Liverpool John Moores University, eight; University of Hong Kong, twelve; and Hong Kong Baptist University, twenty. Data are mainly from the following three sources:

**1. In-depth interviews:**

As this research focuses on universities' strategic marketing and management at institutional level, in-depth interviews with key decision makers and executives are essential for the researcher to attain a holistic understanding of the rationale behind strategies formulated for their respective universities in transition from elitism to mass higher education. A list of proposed discussion issues was forwarded to the prospects prior to the meeting:

- Channels of communication with the institution, between the institution and employers (industry), the public (including the funding body and general public).
- Ways to understand the market, the competitors, the customers (including students and employers) and their impact on new programmes development efforts.
- Directions from the funding council and process of negotiation and communication between the institution and the council.
- Consideration of strategic marketing planning, such as positioning of the institution; strategies to attract students based on target segments and strengths of the institution; marketing to new students as well as resources allocation to these marketing activities; and student recruitment planning, implementation processes and their participants.
- Formal organisational structures of marketing functions (including fund raising) and procedures of planning for these activities.
- Marketing to internal teaching and administrative staff. Development of institution's climate which rises awareness of service quality by the support staff to students and faculty members.

These issues were purposely made general and intended for initial interviews only. The researcher followed up with probing questions during the course of an interview whenever and wherever necessary in order to acquire a more comprehensive picture. These interviews provide insights of actors, their

involvement, and opportunities for the researcher to observe settings and activities. Additional correspondences with the interviewees and/or interviews at the same institution have been conducted to verify some issues identified from data analyses. For example, there were issues of corporate image and fund-raising pending in Warwick at the time of the first site-visit. There had also been queries on leadership raised during data analysis process. Consequently, a follow-up visit took place in 1997. For all of the case study universities, a case write-up was forwarded to the key personnel in individual universities for their verification. Should there be discrepancies in views or understandings, the researcher communicated directly with the person(s) with particular concerns.

## **2. Documentation:**

The archives of various activities and meetings is a major source of data. They consist of official, or sometimes unofficial, working documents, minutes of committee meetings if available, publications from individual institutions including annual reports, internal organs, magazines, and others for promotional purposes. Caution has been exercised though when interpreting these data as they are publicity materials by nature. For Hong Kong cases, much more recent information is from news clippings. There are also academic planning documents, recruitment records, employment census of graduates. Some institutions have official strategic plans which are of great importance in providing indicators or barometers for how the strategic marketing planning has been practised.

## **3. Informal sources:**

Informal sources include the researcher's prior knowledge of institutions and their respective actors. In particular, the researcher has had informal conversation on issues of concern with a number of informants in Hong Kong due to easy access. These conversations throughout the data collection and analysis processes provide valuable insights. These informants are also coded and listed in Appendix 1.

This research has ensured maximising the diversity of sources from which data are collected. Although some sources are more useful in producing certain types of data

than others, the diversity of sources enables the researcher to cross-check descriptive data and reflect on the same issue.

#### **IV.3. Frameworks for case analysis**

The initial framework for analysing the cases adopts the marketing audit model proposed in Chapter Three which encompasses elements of market orientation, marketing organisation, internal marketing, and external marketing as depicted in Figure 3.6. Market orientation is the cornerstone of this framework. The other three elements reflect the extent to which a university operationalises its market orientation. Discussion of market orientation in universities focuses mainly on issues like market intelligence planning and management, interactions of Central Management with their stakeholders and institutional culture of customer as well as competitor focus. Marketing organisation indicates mainly the climate of an institution wherein it integrates market-oriented operations, according to Slater and Narver's model (1995). There are issues of leadership, decentralised planning and the organisational structure which can be either a substantive one or an "invisible hand". Internal marketing concentrates on cultivating a market-orientated culture within the university. The framework for examining the institutional enterprise culture is incorporated to evaluate each case study university. External marketing targets four segments of interest, namely students, funding councils, industries, and donors. Programmes and universities are organised according to the taxonomy of supplier/user relationship (as shown in Figure 3.2). Strategies adopted then are analysed on the basis of universities characteristics, corporate image, and programme positioning.

The four case study universities are discussed individually in Chapters Five to Eight. Each case study university has a unique historical background which impinges on institutional culture and strategies. The researcher therefore objectively examines each case study university on an individual basis and contrasts individual practices to a spectrum of institutional contexts. In the end, the propositions in Chapter Three are further grounded in the contemporary context of higher education on the basis of case

deliberation and construct theories-in-use that are common to successful or effective practices.

## **V. Chapter Summary**

This research adopts the case-study methodology to construct 'theories-in-use' by 'grounded theorising' the holistic typology proposed in Chapter Three. The characteristics of this research paradigm are discussed in aspects of inductive vs. deductive, holistic, and phenomenological approaches. As validity is an important consideration, this study utilised both 'within-method' and 'between-method' types of triangulation to reflect 'what' and 'why' questions on a variety of sources of data collected. This case study entails a total of two conventional and two newly-designated universities, one of each from Britain and Hong Kong. The research does not attempt to provide a generalisation, instead, it provides 'theories-in-use' of strategic marketing management to universities in transition from elitism to mass higher education.

## **CHAPTER 5 UNIVERSITY OF WARWICK**

Warwick has, among ten 'new universities' founded between 1959 to 1963, been often written about and known for its image of being a successfully managed business enterprise with excellent academic standards. This research, however, examines its operations from a strategic marketing perspective. From the initial conception of the University idea by Bishop Gorton in March 1943 to today's establishment of the largest of the 1960s generation of universities in Britain, Warwick has had a unique philosophy of management and academic development from that of other 'new universities'. There are reviews of establishments and the development of Warwick and analyses of current practices of marketing to its internal and external stakeholders. The following Section starts with a review of the historical accounts of the University and their implications to the characteristics of this university.

### **I. Historical development of Warwick**

From Warwick's initial conception as a technological university in Coventry to its eventual foundation between 1943 and 1967, Coventry's eminent figures, scholars and members of the City Council had hoped to establish more than a university of technology but 'an intellectual centre and leadership' and 'a self-contained community complete in every respect, a place where the pursuit of knowledge and the life of the community would be synonymous.' (Shattock, 1991 and 1994). The publication of the Barlow Report on Scientific Manpower in 1946 and debates in the University Grant Committee (UGC) and the House of Lords also initiated an atmosphere of establishing another university in the west Midlands in addition to the existing University of Birmingham.

Warwick was established in 1967 with Jack Butterworth as its first Vice Chancellor. Since Butterworth's appointment as the Vice-Chancellor in 1963, the Academic

Planning Board adopted the philosophy of allowing the new Vice-Chancellor and his first professorial colleagues the maximum freedom possible to develop the university on their own individual initiatives. The Board indicated in the first instance in a report to the UGC that the academic staff at Warwick would develop their subjects and create a university community autonomously. When the Council took power in March 1965, many of the important figures from the industry went from Academic Planning Board to the Council. Some (Thompson, 1970) had reservation with this arrangement with the view that

*“the evolution of the University was to be most affected by the ethos of the very powerful men from industry; men who were prepared to work closely with a Vice Chancellor who was willing to work closely with them. And the ultimate effect came to be the creation, not of a democratic academic community, but a ‘well-managed operation’, assisting the business corporation and emulating some of its more dubious methods.” (p.27)*

As the initial development of subjects was on the basis of demands for potential students and for which there was a career market, staff were recruited on the basis of this commitment to both teaching and research. Although multi-disciplinary and interdisciplinary worked in other ‘new universities’, Warwick’s leaders had their own preference of single subject degrees involving a redefinition of their own discipline. Many founding professors who were opposed to multi-subject schools and collegiate systems, prominent in other ‘new universities’, joined Warwick as a result (Burgess, 1991). For example, Professor Phillips-Griffiths, the founding professor of philosophy, summed up his feelings in this regard that:

*“I didn’t like the idea of the new university...., if you go as a Chair to an established university you put up with whatever it is. Whereas being able to start your own department was tremendous. But I wouldn’t have wanted to go to (other new universities) because I wouldn’t be starting my own department. I would have been fitting into an academic and intellectual strait-jacket ... which was the last thing I wanted ... When I discovered it was all wide open I agreed to come (to Warwick).” (p.95)*

Those professors-elect were being given the opportunity to establish their own disciplines, the strong department (although initially called schools of studies and, in



some cases, still carries the title “school”, such as the School of Law) has been the hallmark of the University. In contrast to some other universities, schools and boards are superfluous and faculties are far less significant than departments. As a number of founding professors would concentrate on breadth of their subjects when designing the syllabi, many of those subjects were knowledge-based rather than vocation-orientated. The account of Engineering illustrates this principle of preparing students to face the ever increasing range of fresh problems with confidence and competence (Burgess, 1991):

*“...Students were not trained for ‘immediate entry into a particular technology’, but were encouraged to focus on ‘some stimulating intellectual activity.’” (p.102)*

In contrast to other ‘new universities’ in the 1960’s, Butterworth enunciated a more liberal and autonomous arrangement for the academics with his fundamental philosophy of establishing a university based on research, teaching and service to the community. He advocated (Burgess, 1991) that

*“teaching is dependent upon research and research derives benefit from the research being engaged in teaching.” (p.108)*

Research centres were created to facilitate the development of many inter-disciplinary activities in a disciplined based university. These centres, units and institutions have also conducted work on behalf of the local community and brought together research and predominantly postgraduate teaching in different ways. Yet undergraduate programmes, advanced courses, post-graduate studies and research are established on the strong departmental base created by the founding professors.

Overall, Lord Butterworth had a major impact on the academic planning process and the philosophy and spirit of this University in its planning (Shattock, 1991). The first time he actually demonstrated his determination was when he insisted on the development of a graduate business school as a self-financing venture to meet the market demand, when the Government’s view then was to establish business schools

only at London and Manchester. His managerial style, according to Thompson (1970), however,

*“necessarily involved him in conflict, not only with students (over such issues as the Union Building) but also with academic staff (who came to Warwick with experience of other more democratic or more formal bureaucratic traditions) and with his own Registry officials, to whom belonged the first responsibility for ensuring that all formal procedures were correctly observed. A Vice-Chancellor anxious to reassure ‘industry’ that he was turning out graduates with the right ‘mental discipline’ was not likely to prove to be sympathetic to the pressures for greater student and staff participation or control which first became widespread in Britain in 1967.” (pp.78-79)*

Others perceive otherwise, according to one senior member:

*‘It was a political statement. That’s how the left wing in those days argued... Jack Butterworth started in this place not a university, he created it... (his) primary role was to set up and build a university which was totally supported by the state. ... He was an academic who... had no more links to industry than anyone else.’*

## **II. Marketing audit of Warwick**

The founding philosophy of being ‘an intellectual centre and leadership’ linking closely with the local industries has directed the planning and development of Warwick. Similarly to other universities, courses and curriculum are developed from mainly academic initiatives and their assessments enter through hierarchies of committees. However, Warwick has historically been planning its programmes according to the demand of its local community which, in turn, provides support to the University’s development. The following sections will examine Warwick’s idiosyncratic characteristics of its resources management and the interface between the academic departments and administration.

## **II.1. Market orientation**

The University's Academic Planning Board, from the very beginning (Burgess, 1991),

*"gave a strong indication" to the founding Vice Chancellor and professors that subjects should be developed "on the basis of demands for potential students and for which there was a career market." (p.96)*

Since the first Vice Chancellor's fundamental philosophy of establishing a university based on research, teaching and service to the community, Warwick has been developed, indicating by the current Vice Chancellor, Brian Follett (1994), as

*"a university with a very clear set of goals... an absolute desire to offer the best of learning in a research-led environment." (p.3)*

Behind the scenes of academic development, Warwick's 'Earned Income Group' (abbreviated as EIG) which manages the portfolio of non-funding council income of the University has been engineering various moves and providing resources for the institution to develop viable autonomous programmes to face changes in the political environment and fierce competition in the higher education arena.

### **II.1.1. The Earned Income Group**

*'Formation of the EIG contributes significantly to the success of the University',*

expressed during the interview by one senior administrator,

*'since Mrs. Thatcher came to power with an agenda to reform higher education (the whole public sector), her "cold shower policy" took 17% off government funding for universities (after 1981). Mr. Shattock asked the finance officer to look to maximise the income other than that from the UGC. Later in 1980, Mrs. Thatcher again contracted the funding for capital investment and increased overseas student fees. Senior management at Warwick recognised that life was going to get tougher under the general climate during that period of time and instituted a "save half and make half" policy'.*

The Vice Chancellor then was prepared to support 'entrepreneurial activities' in the University. The conception of the EIG was basically an inspiration from a convent school which engaged in business transactions in order to raise revenue for the school. By adapting this concept, the University was able to generate income from sources other than funding councils which was against the culture then. After some debates internally, the EIG was eventually established officially in 1983.

Offices belonging to the EIG, which is the main income generator for Warwick report directly to the Registrar. The include Residential training centres, Hospitality Services, Retail Services, the Arts Centre, and the Science Park, some of which have close collaboration with academic departments in conducting various programmes and functions. These offices are managed as individual business enterprises within a university setting. Residential Training Centres, Hospitality Services, and the Arts Centre even have their own sales and marketing facilities. The Science Park comprises 65 small companies which are in collaboration with departments to transfer basic research outputs into commercial products. The International Office has two major briefs, both of them are pure EIG activities. One is to function as the University's administrative body which sub-contracts foundation courses in Law, Business, Social Sciences and Science and Engineering to further education colleges. The other is to collaborate with academic departments in recruiting international students world-wide through a "Overseas Students Incentive Scheme" which allocate 40% of surplus generated by overseas recruitment to contributing departments for their additional resources.

In addition to these administrative offices, many academic and scholarly activities and programmes which generate revenue for Warwick are also incorporated in the EIG. However, according to one faculty member, there is in fact

*'a twin structure with the EIG and the academic accountabilities, and they only come together at the top. The EIG can make no judgements of the academic integrity of something we did that would be the responsibilities of the traditional faculty boards through to the Senate. The fact that the EIG said 'yes' to something doesn't mean that would be the same as the Senate. The Senate is evaluating it on academic grounds and the EIG is on commercial grounds'*

The University has had a tradition of establishing technological linkages with the regional business and public authority. Many of these linkages are, however, developed on a departmental basis. The manufacturing Systems Group is an example of the expansion of the Department of Engineering Science which has developed a real partnership with major locally based manufacturing companies, such as Rover Group, Rolls-Royce and GEC. The University also took a lead in joining the Coventry City Council, Warwickshire County Council and the West Midland County Council to start up the University Science Park in 1981 during the depression. Its Engineering Department contributes to the introduction of new technologies into the region by drawing into the Park companies from various regions world-wide. The Industrial Relations Research Unit in the Business School is another example of close linkage between the University and the industry. In addition, the University has strategically planned purpose-built accommodations which facilitate training, conferences, and other activities or academic programmes offered by centres and departments. Many of these activities are incorporated in the EIG which is jointly under Finance & General Purposes and the Senate. Central Management and the constituencies in the EIG meet regularly and compare their five-year plan with actual performance.

Over the years, the University has changed its funding portfolio to an extent that the UGC (later HEFCE) funding constituted less than 50% starting from 1990 (Shattock, 1991). The revenue generated by the EIG which encompasses all the categories of non-HEFCE grew more significantly from 1980 to 1995 from 30% to 66.2% (see Table 1). The category of "others" constitutes mainly the income generated by the tuition fees from parttime and postgraduate home students, international students and students attending vocational/short courses. It has contributed more significantly to the growth of the overall income for the University since 1980 after the contraction of public spending on higher education which was imposed by the Thatcher's government. In 1994/95, HEFCE grant and home fees accounted for 42.4% of the University's total income (University of Warwick, 1995). The contribution of

academic driven income to total income generated by EIG has increased from 55.4% in 93/94 to 69.7% in 94/95. This category includes fee-paying teaching and research activities provided by academic departments and other centres and units in the University.

**Table 5-1 Distribution of Sources of Income 1965-1995 of Warwick**

	1965	1970	1975	1980	1985	1990	1995
<b>HEFCE</b>	77%	69.5%	69%	70%	59%	44%	33.8%
<b>Research Grants &amp; Contracts</b>	1.25%	10%	9.5%	10%	13%	18%	14.1%
<b>Residence &amp; catering</b>	0.75%	11%	15%	13%	12%	7%	8.9%
<b>Other Income</b>	21%	9.5%	6.5%	7%	16%	31%	43.2%

This market-orientation has its historical significance. As many founding professors and administrators are still with the University, Warwick has been abiding by its original founding initiatives and philosophy in its development and planning. There has always been an emphasis on working collaboratively with external partners whether they are in industry, commerce, the public service or elsewhere. The University values more of the intellectual benefits of these collaborations rather than merely their financial benefits. This is partly why the University has not stressed corporate raising of private money as an alternative source of income. As remarked by a senior member of the administration:

*'the University would put no money into research, if the people were good enough they would go out and get money for research. The University was not going to fund research post and that was the university's culture since the early days.'*

However, this EIG operation and the philosophy of seeking external research sponsorship, from one academic's point of view,

*"have created an added tension in generating collaborations in teaching and research with industries. Many of them from other institutions are not accustomed to this approach of self-promotion."*

### **II.1.2. Institutional functions in relations to market orientation**

As mentioned in the previous section, EIG is Warwick's response to the volatile change in external environment of higher education (referred to discussion on Figure 4.4 in Chapter 4). In terms of institutional market intelligence planning and management, they are conducted informally and on an *ad hoc* basis. But, whether this observation actually reflect what is really happening is, in fact, a contested issue. According to another academic member,

*'arguably there are two things that are difficult in terms of what one means by marketing a college. One is that marketing has its own jargon and the difficulty is communicating by what marketers want to describe one thing in a particular way and what another may want to describe it differently. So they might be doing the same thing but just call it something else. They call it school's liaison rather than selling which is exactly what is going on. ... Then we have to contextualise selling because we might be using a term that happens to have a very different context.'*

It is, therefore, important for the researcher to describe functions that are actually taken place in stead of speaking merely in jargon.

The School Liaison Office (SLO) follows the trend of student recruitment and identifies potential problems and/or threats. Without appropriate authority, whether departments render their support to the SLO, be that market research or recruitment promotion activities, depends on how the Office promotes their services and their added value to respective departments. Over the years, SLO has approached departments with different market potential differently and noticed a changing trend in

their attitude. For those departments with declining demand, such as science and engineering, according to its Head, SLO started

*'an initiative to encourage application and that involves a whole range of things, like better publicity, special events, special programmes and special courses for teachers. We are dividing up the people we want to market it to. Of course, we work with potential students, but also those advisers. We also target at parents as well. ... For those departments who are well-off with students... we would say: "Look, this is a corporate responsibility, everybody has to help everybody else. ... Those who are good would help those who are not doing so well." That's a quilt factor which works quite well. ... There has been change in attitude toward the front-line marketing functions. This change in attitude may be due to a number of reasons: universities are more competitive now after polytechnics have become universities. Bigger pool of universities and quality is what it counts. Universities are polarising into different areas. Now is almost doubled. Customers need to decide what to choose.'*

With respect to generating external research funding and consultation income, individual academic staff utilise their own contacts to identify potential customers and build collaboration or consulting relationship with the industry. Warwick attempts to integrate and centralise marketing of its research bench to potential sponsors of the University by establishing the Industrial Development Office. In reality, however, according to its Director,

*'at a departmental level much of the marketing is managed by themselves. They make the literature available to their customer base they are familiar with.'*

The channel of communication internally and externally is another facet of marketing orientation. Internal communications will be discussed in Sections of Marketing Organisation and Internal Marketing. Communication with student prospects, on the other hand, relies mainly on functions organised by the School Liaison Office. Individual academic departments have their own lines of communication with their prospective customers. As IAIN MORE Consultants (1994) indicates, Warwick's external contacts have only been routine and low level within the University.



However, it has kept a close line of communications with the Funding Councils which are considered to be part of the University's external stakeholders.

Customer demands and satisfaction have recently attracted the attention of higher education institutions. The contemporary discourse of consumerism in student recruitment and/or course development has also influenced Warwick's procedures for its interactions with student prospects and approval of new programmes or courses. Although consumer-orientation is not clearly spelled out in the University's mission statement and strategic plan for the period up to 1997/98, the issue of market distribution, that is accessibility, is being handled strategically. When new courses/programmes are submitted for approval, one of the decision criteria is the evidence of their market demand.

## **II.2. Marketing Organisation**

Warwick has a Publicity Office, a School Liaison Office, an Admissions Office and an International Office to conduct most of the marketing functions with the EIG as a central unit for managing the income generated from these functions. Although a Public Affairs Office and a Development Office were added in 1995 and 1996, respectively as a result of the IAIN MORE Report, there still is, however, no designated high-level marketing officer with adequate authority to co-ordinate all these marketing efforts or to plan strategically, marketing activities that affect customer satisfaction. Nor are there designated marketing staff with appropriate levels of authority. As mentioned in previous sections, Central Management has been operating on the basis of the founding philosophy of being responsive to external environments in developing programmes for this University. Consequently, it has a marketing framework at an operational level. Examples are: School Liaison Office for student recruitment; Public Affairs Office for building corporate image; Development Offices in collaboration with Warwick Graduates Association for fund raising mainly from Alumni; Research and Development Services for financial resources from funding councils as well as industries; International Office for international student

recruitment; and others, such as Retail Services, Science Parks, Hospitality Services and Art centres. The latter two have their formal sales and marketing teams. All of these are there for income generation. The success of many of their activities relies heavily on the co-operation and collaboration of academic departments. But, a number of the interviewees from these areas expressed frustration from lacking of appropriate authority in either overseeing organisational marketing planning strategically or orchestrating overall marketing functions across departments, centres and offices University-wide:

*'When I first came here, basically, it was very amateur. There was no marketing edge to it. We have to be diplomatic about how we relate to academics.'*

*'There isn't a point in the university which controls the overall marketing activities, or at least I haven't identified it. The university's interest is in the public relations context. ... The university does have a marketing framework but at an operational level. The type of customer the marketing is targeting varies between the departments. ... in terms of specific tasks, they involve individual academic departments.'*

*'All traditional universities operate on traditional principles of academic freedom and departmental sovereignty and strategy by consensus, etc. ... Very often departments will say sorry, not interested. ... As financial gains was not the only motive. Therefore we can feed any idea but not all are accepted.'*

The University invited IAIN MORE Consultants company to conduct a feasibility study in 1994 when there were varying views on whether the University should go for a fund-raising appeal. The report indicates little evidence of a co-ordinated strategy for the targeting of fund-raising. A common understanding obtained from the interviewees during the first visit was that, as a result of the IAIN MORE report, the University was interested in employing a marketing person in the public relations context. This new appointee would report either to the Registrar or directly to the Vice Chancellor and his/her actual responsibilities were not yet finalised. The general feeling gathered from the interview revealed that Warwick was to rely on this person

to develop a strategy for improving the University's public profile based on a thorough understanding of the perception of the University's stakeholders and customers. Therefore, the researcher conducted a second site visit to understand how this situation evolved.

The new recruit does report to the Registrar. Because, indicated by that person,

*'they have never had someone like me doing a job like this. ... I am sure they didn't know necessarily what someone like I was meant to do really. So that's one of the attractions of the job for me in that it was a blank canvas, nothing here, no public affairs structure. Most people don't really understand, totally understand the reason what someone called the Director of Public Affairs does...'*

This Director proposed in August 1995 a public affairs strategy for the University mapped on the strategic plan published in 1994 and provided an indicative action programme to accompany it based on his philosophy of

*'essentially... communicating whatever the messages are to key stakeholding groups and in the case of the university there are a number of stakeholders as there are in many private sector organisations.'*

### **II.2.1. Network of Academic Oligarchy and Central Management**

Mintzberg's (1979) 'Professional bureaucracy' which is a 'market based' structural configuration in a university setting facilitates dissemination of institutional vision and directions downward from the central authority and transmission of collegial opinions upward to various functional committees (as depicted in Figure 4.1). This 'Professional bureaucracy' constitutes an internal marketing organisation. As

*"an academic's loyalty to his or her discipline can sometimes elevate sectional interests over the needs of the university as a whole" (Shattock, 1990, p.3)*

the University has 'a strong central authority' for institutional directions and overall control. The segregation of Central Management, Academic Oligarchy, and

Administration and their inter-relationships are discussed in this and following sections.

Warwick's organisational structure is basically a flat one with direct lines of communication between Central Management and individual academic department heads, particularly concerning budgetary issues. In order to avoid possible inhibition of academic initiatives, Central Management sees itself as a "venture capitalist" (Shattock, 1990) stimulating or responding to academic developments, and in the meantime, as a "central banker" which economically keeps tight financial control in its academic development. For the academic developments to succeed, the central executives

*"must act in close consort, collaboration and communication with the academic departments which represent the academic life blood of the university." (ibid., p.4)*

The University has a strong central administration and devolved departmental management to form a bureaucratised collegium. Central Management at Warwick is, according to a senior members, a partnership of the Vice-Chancellor, senior university officers and senior academics whose task is to develop a strategic vision of the direction for the University to take.

*'Those are the four academics (that's the Vice-Chancellor and the three Pro Vice-Chancellor) and then on the other side there are four people from the administrative side (the Registrar, the Deputy Registrar, the Finance Officer, and the academic Registrar). ... Those eight people are really the core and around them, there are a few more and that group, the management structure... from that central core... straight down to the academic departments or to the service departments.'*

Responses to impetuses externally or internally are frequently determined by the Steering Committee. The vision and directions are then disseminated down to the operational level via committee networks and/or direct chains of command within offices and departments while suggestions from academic staff based on their

knowledge of the environment are expressed either directly to the responsible senior management or through the committee structure.

The Vice Chancellor is Chairman of the Steering Committee under the Senate. It is an executive committee and the apparent 'central authority' which holds meeting every Monday during the term time. Other members include the three Pro Vice Chancellors, Chairpeople of the three Faculty Boards and the Board of Graduate Studies, the President of the Student Union, the Registrar, Deputy Registrar, Academic Registrar, Finance Officer and a Secretary. This is a 'very key committee' where decisions are made expeditiously. In contrast to some British universities, the University prefers to, according to one senior administrator,

*'keep a distinction between administrative and academic staff and not to have senior academic staff tell the administrators what to do'.*

The academic departments at Warwick are mono-disciplinary which, in some disciplines like sociology or physics, may however represent a fairly broad field. They have externally-funded research centres which originated in and are integrated into the structure of the related departments. The department, therefore, retains a distinct measure of financial control in the centre(s). However, it is the central resource allocation machinery which allocates resources to departments including personnel planning, reviews their annual budgetary proposals, and offers incentives of various kinds to departments to generate funds from outside the University. Departments with a significant level of external funds are requested to develop an accounting system which is connected to the central system. According to the academic leader,

*'we keep an eye on it and we know what's going on, either because we have academic information or we have a comparable set of information on the finances of all the businesses. We know exactly what's going on, on earned income. We know how much their income is, what the costs are, what the bottom-line is, how that compared with last year, whether they are on target this year. ... EIG is the other side. There is the academic structure E&G and then there is the finance side. The commercial side is called EIG. ... E&G and EIG. EIG is chaired by the Registrar. E&G is chaired by the Pro Vice-Chancellor. SO (emphasised by the interviewee) really there are only two key structures.'*

For academic affairs, the University's Academic Policy Committee manages a rolling academic review mechanism by which teaching and research in departments are regularly monitored. Since departmental vitality is a crucial element in university success, the academic leadership of departments is essential in this structure. Although the central authority has deliberately devised mechanisms to encourage departments to choose their own chairman, it retains the power to intervene at various points in the process. Similarly to other universities, lay influences exist in the Council and Senate where develop the overall strategy for the University.

### **IL.2.2. Inter-relationship of administration and the central management**

The Registrar at Warwick heads not only the regular administrative offices like Personnel, Finance and Estate offices, but also offices belonging to the EIG and is in charge of the physical development of the institution and its finance. He also plays a major role in recruitment of all staff and is involved in the academic appointment which is not common in other institutions. There has been some tension observed during both site visits. According to one senior administrator,

*'the VC has been concerned about academic policies development. ... It is quite difficult for him to change the culture or direction of Warwick. He takes a great interest in the internal academic affairs... which is different from the previous VC who was an external political animal.'*

As commented by one senior academic member,

*'...then we had a Registrar whose role expanded as a result of Warwick's rapid growth in the 1980s. ... The new Vice Chancellor came in... to re-establish the role of a VC... The relationship between VC and the Registrar impacts on us.'*

Under the Registrar, the Deputy Registrar ensures all committees be served properly via Senior Assistant Registrar Senate & Council. Hence, he is in charge of the appointment of administrative staff and supporting staff to academic affairs via

assistant registrars for Faculty Boards, Board of Graduate Studies and Continuing Education. Basically, the Deputy Registrar oversees all non-academic activities including accommodation, internal offices, and security. The Academic Registrar, on the other hand, is responsible for student admissions and delivery of educational services. A unique role of the Academic Registrar at this University is to work directly with individual academic department Heads on their financial as well as personnel planning.

### **II.3. Internal Marketing**

Internal marketing is a contemporary paradigm for developing customer-oriented institutional culture and it is an intricate part of the strategic marketing process in environmental scanning and implementation of strategies (referred to Figure 4.4). One senior administrator said that

*'internal communications from level to level can be a difficult answer since there is a mixture of administration and academic staff in a university. ... Like a lot of other universities, although we are very good at writing our mission statement and strategic plan, we are not too good at telling our own team that "look, this is what we are going to do" and get them on board. That's often because decisions are often top down. You will sometimes get... an idea from bottom-up, but its recruitment and the success of the early years would be dependent upon very few committed individuals.'*

As proposed in the previous chapter, three categories of internal stakeholders who participate in the process of internal marketing can be identified, the Central Management, Academic Oligarchy, and Administration. The ways in which this University facilitates internal communications are currently by means of several parallel channels (represented in Figure 3-1):

1. After the mission statement and strategic planning objectives are agreed, they are transmitted downwards as a result of senior staff participating in discussions with their departments and subordinate committees. Therefore, these staff carry with

them daily an informed view of the university's policies and objectives which are backed up by, according to one middle level administrator,

*'internal marketing (in Warwick) which is very top-down but it does work. Through the monthly newsletters and the like. More and more though is through the Internet.'*

Another interviewee indicates:

*'The main thrust, I think, would be through people who have close contacts and who have sympathy and understanding of what is happening in the centre.'*

2. Interdepartmental communication among academic departments and administrative offices on an individual level facilitates both efficient exchange of ideas and collaboration within the University. Particularly when money is a concern, Central Management would go directly to the relevant officer or the people on the committee that makes decisions rather than going to the Chairman of the respective Faculty Board.

In general, one senior administrator indicated,

*'the appointment of administrators that are as well qualified as the professors so there's no superiority or inferiority. ... That would create a culture of mutual respect between the academics and the administrators.'*

However, another senior administrator thought that,

*'They (Central Management) want to keep a distinction between administrative and academic staff, and not having senior academic staff telling the administrators what to do.'*

3. Senior Members' Lunch twice a term facilitates conversations among senior managers of the University and research centres as well as senior academicians of various faculties and departments. This type of gathering, commented by one senior academic,



*'provides opportunities for networking, informal communication and, in turn, builds togetherness and team spirits within the entire institution.'*

There are, however, no organised functions for connecting middle or lower levels of employees. Hence, it seems that this is a bureaucratic system relying on initiatives of senior managers in shortening lines of communication.

Being a less than thirty-year old institution, many of its founding members have been growing together with this institution. There is a strong continuity in terms of its developing philosophy and management style. The factor for this continuity is the University's Registrar who has been in that position since 1983. This continuity also contributes significantly to the formation of the institutional culture which will be illustrated with the framework of institutional entrepreneurship proposed in Chapter 3 (as demonstrated in Figure 3-5).

### **II.3.1. Developing intrapreneural culture**

As mentioned previously, Central Management believes that "really good ideas will always attract funding from somewhere" (Shattock, 1990, p.6). Central Management, according to one senior administrator,

*'takes immense trouble in selecting good people who might be starting out from a junior position and yet that person can eventually be developed to a senior academician or administrator. So when people arrived they knew that and if they wanted to make a reputation they have to go and knock on the doors of foundations and research councils. To that extent everyone has to look outwards.'*

Only those academics with an energetic and adventurous approach to their subject would be appointed in senior positions. As Central Management expects faculty members to seek external funding for their research endeavours, they and centre directors, many of whom are also from faculty, are required to organise uncertainties and notice opportunities once they come on board which are the basic elements for intrapreneurship (as depicted in 3-5).

In addition, since Butterworth's time, the University recruits the best people available as professors irrespective of specific specialisation. In other words, there has been no hard academic plan to be developed in any particular way. Recently, the Information Pack was revised for the approval of new courses or programmes and amendments to existing courses or programmes. The pack contains questions like 'is the programme viable given likely student demand?' and 'has the department undertaken a rigorous approval process, including undertaking appropriate market research?' These questions represent the institutional effort in encouraging market-orientation in product development and, in the meantime, educating employees with such orientation.

The University's collegium allows academic staff to compete in the external environment and work in an entrepreneurial spirit. The Academic departments are given much autonomy in developing programme initiatives. They have externally-funded research centres originating in and integrated into, the structure of the related departments. Departments, therefore, retain a distinct measure of financial control in the centres. However, it is the central resource allocation machinery by E&G which allocates resources to departments including personnel planning, reviews their annual budgetary proposals, and offers incentives of various kinds to departments to generate funds from outside the University. Overall, if it works, you do it or you carry on doing it. This performative culture of Warwick used to work well. However, one senior academic member commented,

*'my worry at the moment is that, I think, we going through a period in which there is quite a strong managerial culture in a sense that... I think it's actually... managerial in terms of believing that it's important to control more things than less things. In other words, it's anti-entrepreneurial in that way. It might be in danger of confusing the old way of doing things.'*

### **II.3.2. Approaching organisational renewal**

One senior member comments that,

*'...a real change in this university occurred in 1982. Up until 1982 Warwick was an ordinary but not very distinguished university. ... But in*

*1981, Mrs. Thatcher de-stabilised the universities. ...it was at that moment that Jack Butterworth had his brilliant idea. He said, why don't we try rather than cut 25 percent of the business, let's try and commercialise certain things on campus.'*

Therefore, Warwick's Central Management's support of 'entrepreneurial activities' in the institution initiates the organisational renewal in the form of EIG which is equivalent to a commercial arm within the University. Basically, the institutional culture of Warwick is

*"built on strong Central Management coupled with strong departmental management and an organisational arrangement that stresses both the benefit of academic diversity and of institutional common purpose."*  
(University of Warwick, 1994b)

This institutional arrangement, however, tends to create tension between departments and offices when these two segments interface and result in conflicts of interest, for example, overseas student programme. The International Office is looking for surplus rather than income. According to its Director,

*'forty per cent of the surplus goes to academic departments where they are indulged with an "Overseas Students Incentive Scheme". ... There are no limits to the usage of this fund. Not only does the International Office have no control over its spending, but the Office also has no influence over the design of degree courses. The promotional activities to a larger extent lies in International Office. The marketing functions are collaborative but not exclusive. ... All traditional universities operate on traditional principles of academic freedom and departmental sovereignty and strategy by consensus, etc. If one is a good university politician, you know how to influence that strategy.'*

The Government announced in 1994 a three-year cap on growth in student numbers in higher education. This new policy has led to more fierce competition for places at many universities. Recently, the University indicates in its strategic planning for the period up to 1997/98 strategies for improving access even prior to this governmental policy change. One senior administrator indicated:

*'The 2+2 with links with local colleges came about in a discussion between then the acting Pro VC now the chairman of the Continuing Education and the Registrar. ... From there, we developed it as part of the University strategy. ... It's a very interesting top-down model which is also relying on ideas came from departments and they are dealt quickly. ... We did not do marketing research... (but) basically tested the market. It was a product-led strategy. Undoubtedly, we got some areas wrong. We thought there was a lot of interest but there wasn't.'*

The jargon of “market-led” and “consumer-oriented” programmes appears, during the site visits, to be on everyone’s agenda at Warwick. However, understanding of these concepts and appreciation of what they advocate may vary among individuals. One middle-level administrative manager expressed a different view during the interview:

*'...no massive differences in the courses offered by universities. It's just what the student want: to live far away from home; or a university in the middle of a city; or an old university or a new one; or one that is big; or one with a big Student Union; or one that's beside the coast. So there are plenty of variables that a university cannot control anyhow.'*

Regarding as the Student Charter which has been promoted by the government as a tool for ensuring service quality in universities, the same informant indicated:

*'Although the Students' Charter informs students what they can expect from the University, students must have their own responsibilities as well... Introducing such a commercial ethos into a university is questionable. It's not like the students are coming here and purchasing products.'*

Whether and how to change views as well as service culture among administrative staff depend on the Central Management’s attitude and, in turn, the institutional symbolism. Currently, symbols for encouraging customer-oriented culture is not evident at Warwick. However, the financial control by means of EIG seems to have contributed significantly to evolving enterprise culture in the University.

### II.3.3. Venturing 'frame-breaking changes'

There have been impetuses for the University to venture new policies and programmes in coping with changes in the government's funding mechanism and its three-year cap on growth in student numbers. One senior administrator said:

*'It came to our attention in the last 18 months or so that we do not actually earn a lot of money from research contracts. Particularly for the past 2 or 3 years, our comparative position to other universities has actually declined. We are not getting a great deal of contracts from the research council or any sources. We are not performing as well as we thought we would. ... We performed very well in the late 80's... many old universities in our league... are catching us up if not overtaking us in the percentage growth in research contracts and grant income.'*

A £5.7 million Warwick Research Fellowship scheme was promulgated in 1994/95 for elevating research competencies university-wide. This scheme is, according to another senior administrator,

*'to offer 50 posts to young research oriented academic staff for six years in the first instance with the possibility of gaining a permanent post at the end of the period. The idea was trying to get the best people from around the world we could find and to give them an opportunity to concentrate on research for six years. They are expected to get 1/3 of regular teaching load... and help maintain the research profile of the University. That was very much the VC's idea.'*

Both this scheme and the '2+2' programme were instituted with a hope of not only transforming the institution internally but also the competitive environment it is in. The question now is how Central Management will organise the institutional structure as well as chain of command to co-ordinate these activities and institute a shared institutional value system and to form an institutional culture for supporting and interacting with more varieties of backgrounds of students. Based on comments quoted in Section II.2, it appears that when an institution's corporate entrepreneurship progresses to this level, it is also important for the University to consider consolidating its entrepreneurial activities over the years by some centralised strategic

units to plan and to monitor future development according to strategic marketing concepts and paradigms. This, however, has not been observed to be happening in this case study.

## **II.4. External Marketing**

External marketing entails discussion of Warwick's marketing strategies for promoting the institution and its services to students, industries, donors, and funding councils (as illustrated in Figure 5-1).

### **II.4.1. Students**

Students play a dual role in the educational process as both the input and output (as shown in Figure 3-8). The quality of the output, namely graduates, depends not only on the means and process of education but also on the input to the process. The quality of programmes and learning process can be reinforced by the quality of their recipients. Many of Warwick's recruitment strategies are tailored toward attracting quality secondary school leavers of ages between 18 to 22 years old which segment is located mainly in the Supplier-Specified quadrants as depicted in Figure 3-2.

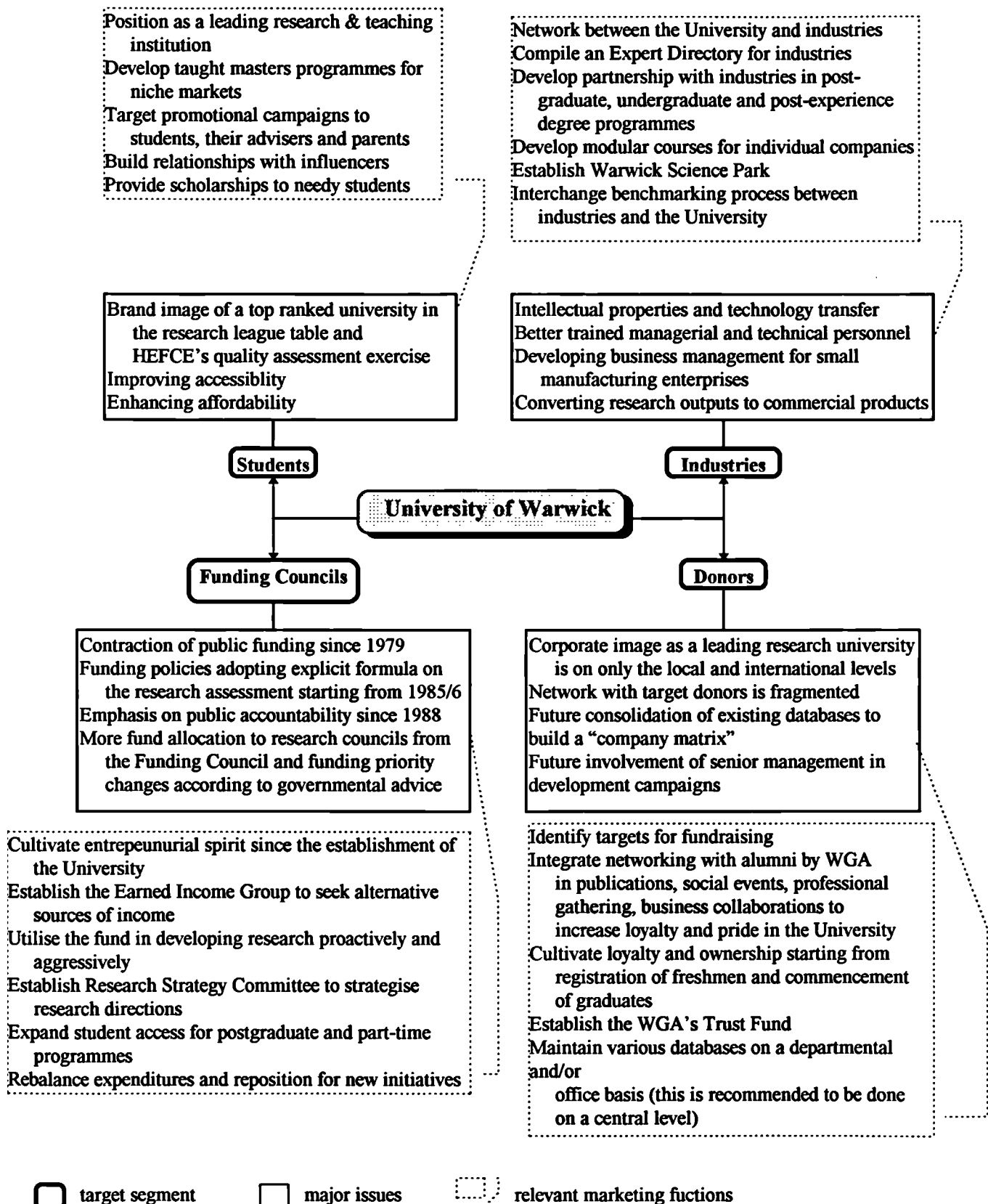
*'The University seeks to demonstrate to students, parents and employers the excellence of its programmes of study through HEFCE's Quality Assessment Exercise...'*

according to one senior administrator,

*'it is evident that with all the promotional campaigns and materials, the quality of these programmes of study is the essential success factor.'*

Some 'well-off' departments with 'star' programmes tend to be less enthusiastic in marketing activities. The Schools Liaison Office (SLO) has to market themselves and their activities to these departments with arguments like the importance of 'corporate responsibilities' and 'team spirit'.

**Figure 5-1 Marketing to the customers of Warwick**



For those programmes in the quadrant of 'user active and supplier specified' where they encounter lower market demand or keener competition, course directors who are given the full responsibility in achieving the assigned numbers of student places by HEFCE are more willing to work with SLO and other relevant offices in organising various marketing functions for student recruitment.

#### **II.4.1.1. Marketing functions in the supplier-specified segment**

Two sub-committees under the Academic Policy Committee are responsible for admissions, namely the Undergraduate Admissions Requirements Committee and the Admissions Steering Group. The members of these committees are the Pro Vice Chancellor and Chairmen of various faculty boards. One of the Assistant Registrars serves these committees as the Secretary who liaises between the committees and the course directors. Both Schools Liaison Office and the International Office assist the Registrar's Office in recruiting local and international students, respectively.

Over the past five years, the attitude from both the senior management and departments toward the Schools Liaison Office and their marketing functions has changed significantly and the Office has gained more support. The budget of this Office increased from £7,000 five years ago to £80,000 for 1995/96. Its Director said:

*'There are possibly two main reasons for this change. Internally, colleagues in this Office have obtained qualifications from professional marketing bodies in order to project a professional image. Externally, the University faces keener competition after many polytechnics were re-designated as universities in a time when the size of the pool of good A-level school leavers is ever decreasing.'*

As far as international students are concerned, the International Office which has branch offices in some foreign countries concentrates has a responsibility for orientation of overseas students after their arrival and has a supervisory role in distributing welcome packs, familiarising students with the environment and accommodation arrangements both on- and off-campus.



The promotional campaigns for recruiting undergraduates tailor the programmes to three main target groups, namely prospective students, their advisers and their parents as both parents and advisers exert influences on students' decision making according to a market survey conducted by the Higher Education Information Services Trust (HEIST). The objective is to raise the awareness of this University in their minds. The Office takes initiatives to encourage applications by conducting a whole range of activities, such as special events in raising publicity and special programmes and courses for secondary school teachers who give advice to students as to how to select higher education institutions. The Office also holds open days, two days in May and one day in September, and a welcome day the first weekend of every new academic year where students and their parents have good opportunities to talk with the staff and students at school. In addition, the Office organises various courses for staff to learn about techniques of marketing their respective departments.

Procedures in increasing direct contacts with student prospects have gradually been instituted. Examples are promotional campaigns organised by the School Liaison Office, and direct mailing of acknowledgement slip of students' application forms. The Admissions Office would immediately send some materials about the University to those students who attained acceptance to the University by the decision of UCAS. Improved quality of recent publications of Undergraduate Prospectus 95 and Student Handbook which are colour coded for students' convenience in locating relevant information with ease is another example.

Quality of customer services is another issue which concerns marketing professionals. In the context of higher education institutions, it may be translated into services to new students who had just purchased education programmes provided by the University. In general, the University relies on the Student Union to induct students in their own way. Some drop-outs have been recorded due to their incapability of coping with the overwhelming changes from their secondary school environment. Recently, the Admissions Office has started the service cycle right after applicants are first accepted by the University by sending them an acceptance letter and a pamphlet of "Your Invitation to Warwick" by post.

Recruitment of graduate students used to adopt a different philosophy. Departments pride themselves on the quality of their research and undertake much less promotional activity. This mentality seems to be changing recently at the corporate level. A new Board of Graduate Studies was established to integrate courses development and to oversee 'proper' budget allocation and infrastructure arrangement for graduate studies. A specially designed booklet entitled "Teaching & Research - The Essential Partnership" accompanies the Graduate School Prospectus sent to all prospective students.

#### **II.4.1.2. Strategic marketing in the user-specified segment**

As mentioned previously, the Government's policy of three-year cap on growth in student numbers has led to more fierce competition for places at many universities. Warwick has since 1994 implemented a "Local Admissions Scheme" and the "2+2 programmes" to improve access. In addition, its Board of Graduate Studies has suggested capitalising on the University's superior corporate image of being a leading research and teaching institution by re-defining competitive advantages of the programme in generic terms and re-positioning the Graduate School and the University in their prospects' minds. The expansion of taught masters programmes is an example of Warwick's effort in divesting its business into the quadrant of 'User-passive' and 'User-specified' (referred to Figure 3-2) market segments. According to HEIST's market research findings on 'consumer buying decisions', consumers make choices on the basis of what they know about the available products. Warwick's strategy for providing information for potential customers focuses on publishing colourful and so-called 'more user-friendly' prospectuses which is no difference from what other universities have been doing. Warwick's promotional campaigns, indicated by one administrator,

*'involve every member of clerical, administrative and academic staff connected with Taught Masters Programmes.'*

Another strategic direction Warwick (1994b) plans to take for the period up to 1997/98 is to enhance exchange programmes with European institutions. As one of British universities in the Conference of European Rectors' (CRE) Columbus programme to assist Latin American universities, the University bid strongly for support under the EU's ALFA programme to form postgraduate and research networks between European and Latin American universities. The University's East European Postgraduate Scholarship Scheme continues to sponsor scholars of the highest quality to undertake postgraduate training and research at Warwick. The International Office collaborates with departments in marketing programmes to overseas students from European countries. In addition, the University provides financial sponsorships as a competitive pricing strategy. A special section in the prospectus is designated to inform and encourage students to apply various sponsorship programmes and packages, particularly those who may have financial difficulties. Career prospects and services are also promoted in a separate section in the prospectus.

#### **II.4.1.3. Production process of graduates**

From the production perspective, enrolled students (as inputs) are being processed in the higher education system so as to become quality-assured graduates (as outputs) for the labour market. The process is also relevant to marketing strategies to existing customers. It entails a complex matrix of various programmes and projects organised by academic and administrative staff with collaborations of external participants and processed within proficient infrastructures (as shown in Figure 5-2). As Warwick positions itself as a leading research and teaching institution, the University's strategic plan (Warwick, 1994b) stipulates approaches to achieve this goal:

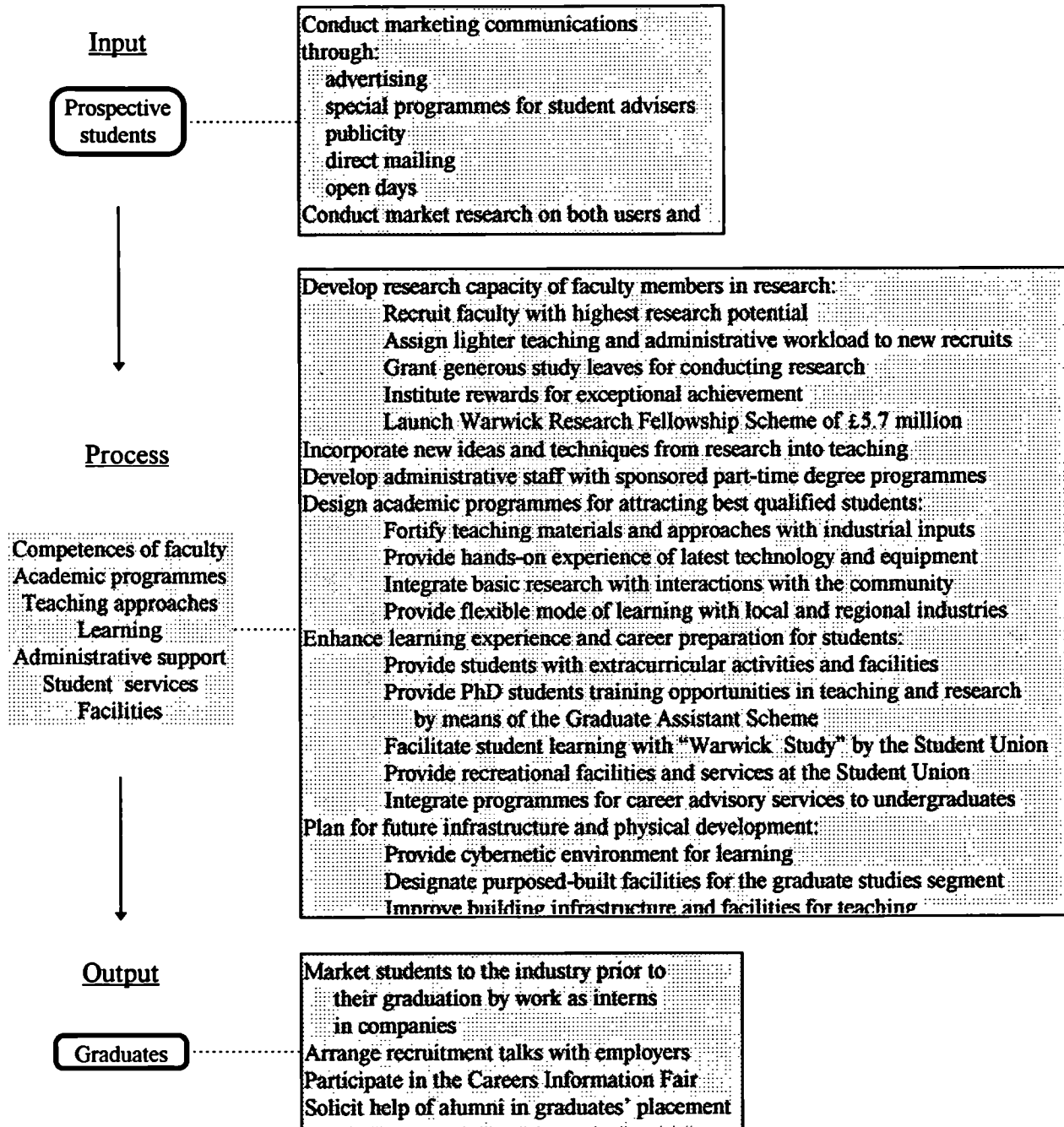
1. *Faculty development in research and teaching.* Warwick regards research as an integral component in its teaching, its faculty development plans stress first the research capacities and second teaching quality of faculty members. The University ensures research excellence by careful selection of academic staff with

the highest research potential in the first place. These young probationary staff are given lighter teaching loads in order to develop their research potential and are contractually required to attend a structured staff development programme to equip them for the demands of their posts. Departments are encouraged to exercise discrimination in allocating teaching and administrative responsibilities and to grant generous study leave arrangements so as to enhance their capacity for research. The Financial Plan provides additional resources for rewarding rapid promotion to academic staff with exceptional achievement. Further in elevating research competencies university-wide, the University launched a £5.7 million (at £1.5m per annum) Warwick Research Fellowship scheme in 1994/95. Central Management is attempting to cultivate an institutional culture in which faculty members are committed to making academic disciplines alive, dynamic and exciting. The pressure to perform is immense. Departments which are considered by Central Management as under-performing would be, according to the academic leader,

*'looked at in greater depth. ... We keep an eye on it and we know what's going on... because we have academic information...'*

Academic programmes are developed not only according to faculty members' competencies, they are also scrutinised by a new set of procedures built based on commendations made by the HEQC Academic Audit Unit in 1992. Due to the historical background as mentioned in previous sections, business and engineering programmes have more of industrial inputs in their programme development. As a form of utilitarianism is becoming the contemporary discourse of higher education, what was once being criticised as "the peculiarly subordinated relationship to industrial capitalism" (Thompson, 1970, p.16) becomes a commonplace and desirable practice for universities. However, the dilemma of whether the programme should be of the faculty member's own interest or it should have sensible market value continues to create tension between Central Management and Academic Oligarchy.

**Figure 5-2 Marketing and the production process of graduates at Warwick**



2. *Student services in learning experience and career preparation.* Students' learning environment, services and provisions have drawn more serious attention as a result of government's stipulation of teaching assessment exercises. Although without direct financial consequences, according to a senior academic member,

*'the teaching assessment exercise has an auditing role because it does say what performs well. But its main role is improving the market mechanism by providing more information to potential customers.'*

Student services have many facets, such as facilities of an institution and service providers' capacities and capabilities. Facilities are more tangible and will be discussed in the following section. Capacities and capabilities, on the other hand, are less tangible and difficult to measure. In addition to teaching and research services which are mainly provided by faculty members, many student services are provided by administrative staff through the Student Union and various offices.

The Student Union employs 100 permanent staff and has an annual turnover of more than £5 million. It provides recreational facilities and a unique unit called "Warwick Study" through which students can purchase at low cost or borrow the latest personal computer technology. It also runs a fully-computerised second-hand book services, a professional CV service and a past-exam papers for student revision. A Research Officer under the Academic Affairs offers advisory and informational services regarding all national and local education affairs.

Warwick (1994b) states in its strategic plan that the University plans to enhance staffing in the University's Language Centre in order to make it possible for all students to have the opportunity to learn a second language so that Warwick's graduates are in a better position to capitalise on opportunities for study, exchange and employment in other European countries. The Warwick Manufacturing Group has had close partnership with local and regional industries which provides students with opportunities to acquire a practical prospective of learning. This model is especially beneficial for postgraduate and post-experience programmes. The Careers Advisory Service collaborates with the Warwick

Graduates' Association Office in providing students with part-time working experience or internship, as well as future job opportunities by means of the network with Warwick's alumni.

The University-wide Graduate School was established in 1991 for the purpose of integrating efforts in monitoring quality of programmes, staffing, recruiting and training students, and providing academic, social and pastoral services to postgraduate students. The School is aware of the increasing competition in that market segment. In order to strengthen the University's overall research base, the Graduate School formulates strategies whereby current resources could be more effectively utilised to provide the best possible preparation for doctoral research which, in turn, helps to expand the University's PhD cohort. For example, structured graduate training programmes are mounted for social science departments, humanities, and science students. Furthermore, the Graduate Assistant scheme launched in 1992 to provide funding and training opportunities in both teaching and research for doctoral students. The number of appointments has increased for several years and this trend is expected to continue. The Financial Plan also continues to provide a significant number of graduate awards and fees-only doctoral scholarships. A number of international scholarships are also made available for international students when they undertake their postgraduate training and research at Warwick. The University's growing profile in Eastern Europe facilitates departments engaging in research and collaboration in countries of the former Eastern bloc. As far as physical facilities are concerned, there are 700 purpose-built graduate residential places on campus. Dedicated graduate social space has been provided and increased Library and IT provision has been made in terms of materials, equipment and study spaces. Much of the planned capital spending are of direct benefit to graduate students and the development of the University's research base.

A recent trend of producing Student Charters is the result of institutions' intention of providing better customer services and, at the same time, ensuring the accountability of students themselves. The Warwick Charter informs students of

services that are provided by various administrative offices and centres and form a contractual agreement between students and the institution. The *National Charter* has so far received many adverse comments. As one middle-level administrator comments:

*'If I were a student now and saw the Charter, I would say it's a load of rubbish and a lot of waste of paper. Many services are already mentioned in the handbook and there is no need for the Charter. It's simply reproducing what's already there.'*

3. *Infrastructure and physical development.* According to its strategic plan (Warwick, 1994b), Warwick aims to further enhance the quality of its learning environment by refurbishing lecture and seminar accommodation, upgrading AV/IT equipment for teaching purposes, and expanding buildings, to provide easy access among departments and buildings and sports or leisure facilities. A main purpose for physical development is to have academic development to take place adjacent to key academic buildings. Examples are the extensive physical development towards the Science Park and a new International Manufacturing Centre which includes a high-level bridge connecting Engineering building and Advanced Technology Centre. In addition, a group of departments with relevant nature are located closer to each other, such as planning buildings for Mathematics and Biological Sciences to be closer to the Statistics Department and the School of Postgraduate Medical Education. Other projects like extension of the Library building and the Social Studies building reflect recent growth in postgraduate student numbers and externally funded research staff in the Faculty.

The cybernetic environment for learning is also under development, including campus information services (Gopher and World Wide Web), the Library OPAC, the Library CD-ROM network, and national and international resources on JANET and the Internet. High priority has been given to expansion and updating of student work areas as well as training both undergraduate and postgraduate students in the use of information technology and information systems.



After the publication of the national Follett Report on Libraries, the University has established a group to develop an integrated policy to ensure effective use of constrained resources to deliver the best possible support for research and teaching. The University has made substantial additional capital injections for books and materials in the Library in the past few years. A strategic objective now is to make better use of electronic information services, including electronic current awareness and document delivery services.

Overall, marketing strategies for existing students and other customers concentrate on providing tangible facilities for teaching, learning and residential purposes. Financial plans are utilised to monitor the effectiveness use of funds in these developments. Of capabilities of services providers, faculty development in research is emphasised. Administrative staff, on the other hand, are encouraged to improve their qualifications. They are allowed to take time off to attend relevant courses. Bursaries, funded by the University, are available to assist staff to enter the University's part-time degree programme.

#### **II.4.1.4. Marketing of graduates**

As previously indicated, students in-process are introduced to the market by internship arrangement with industries and through networks of academic staff and/or the Warwick Graduates' Association Office. In addition to providing counselling services to students by developing a computer-assisted careers guidance system called *PROSPECT*, the Careers Advisory Service organises career talks by employers and participates in the annual Careers Information Fair. In collaboration with the Warwick Graduates' Association, the Career Services and Student Union not only send questionnaires to alumni to solicit their help in graduates' placement, but also keep lists of part-time job opportunities for current students. Advertisements of solicitation for help are posted in *Warwick Network: The Magazine of the Warwick Graduates' Association*.

#### **II.4.2. Funding councils**

Universities receive research grants from the Research Councils for Medicine, Agriculture, Science, and Social Sciences through a public bidding process and the government or commercial enterprises for applied research in addition to the block grant and earmarked research grant from the Funding Council. The process of regulation by government is attempting to improve the efficiency of the market and yet, in the meantime, advocate professional autonomy and in itself accountable. The message is confusing but, because of its financial implication, universities are compelled to operate according to the rule.

The world oil crisis of 1973 resulted in a period of severe financial stringency which triggered a series of queries on the efficiency and accountability of operations in universities. During this period, as a new university with an entrepreneurial leadership, Warwick grew instead with a large extent in research and teaching with its revenue generation by activities managed by the EIG. When the UGC started in 1985/6 to allocate funds for research based on an explicit assessment of the volume and quality of research in each individual department, the University was in a much better position than many of its counterparts. Since the 1988 Education Reform Act, universities have been held explicitly accountable for public funds received where funding should be seen to reward both quality and efficiency. The Funding Council was given the responsibility of allocating funds in accordance with government policies and they should adopt explicit formula funding procedures based on national assessment of institutions' research and teaching capabilities and achievement. After former polytechnics and colleges became eligible to enter the research assessment competition in 1992/3, this source from the Funding Council has been much more scarce and the competition has grown to be keener among universities.

The Industrial Development Research and Services Office (IDRSO) whose Head reports directly to the Registrar has three offices to be in charge of actual formulation of research grants and contracts with industries and funding councils in Britain and Europe. In addition to the University's effort in generating income from

collaborations with local and regional industries and communities, the University established Research Strategy Committee in 1994 by which the University attempts to systematise its decision-making processes by closely analysing and monitoring the Academic Database and matrix of research indicators in order to recognise its strengths and weaknesses in reference to the national assessments. Although only research ratings have a direct financial implication, both teaching and research assessments provide information to prospective students.

The government's policy of implementing a three-year cap on growth in student numbers also causes Warwick's concern for it may hamper the University's plans for widening access, particularly the 2+2 programmes and initial teacher education. As the University recognises the pressure for further growth in higher education will prove irresistible, careful plan for steady growth without significant increase in public resources is necessary. The University concentrates therefore their expansion in science (the quadrant of "Client") and postgraduate population (the quadrant of "Consumer") including education opportunities to candidates without traditional qualifications. In regard to teacher training, the transfer of planning and financial responsibility from the Funding Council to the Teacher Training Agency will add some uncertainty to the University's plan. In addition to meeting the new Agency's priorities once they are published, the University created the Warwick Institute of Education from three departments of the former Faculty of Educational Studies with the hope to effectively transfer student places to the secondary PGCE and build on the University's considerable strengths in educational research.

The University's financial strategy has been extensively reviewed during 1994 to reflect the new national policies on student numbers and efficiency gains. After reassessing its own priorities and changes in national policy, the University is 're-balancing' its expenditures in academic departments and administration, and re-positioning itself for some important new initiatives, such as introducing the Warwick Research Fellowship scheme, major investment in technological development on campus, and improvement of lecturing facilities for teaching. As the University achieves its elitist status in the league table by 1997, the VC is arguing for the

direction of focusing the University's resources in developing programmes in the segment for 18-21 secondary school leavers which is the same as the conventional academic value.

#### **II.4.3. Industries**

Warwick has historically had close collaboration with industrialists in the Midlands. As written in *Making a University* (Shattock, 1991),

*"it was the only New University to be founded in a manufacturing centre and perhaps for this reason the community - at the political, industrial and educational levels - was more involved, and invested more intellectual and, ultimately, financial capital in the university idea than in any of the other New Universities." (p.22)*

Recently, an undergraduate degree in Engineering was launched in partnership with the Rover Group to complement the postgraduate and post-experience programmes offered by the Warwick Manufacturing Group. This was basically a corporate venturing on the Faculty's initiation. Considering the demand for better trained managerial and technical personnel in major manufacturers in the West Midlands, this model of undergraduate partnership ventures will extend beyond Rover.

Currently, much of the marketing activities are managed by individual departments, such as the Industrial Relations Research Unit in the Business School. They produce promotional literature and inform their customers of their services by mailing these materials directly to the customer base familiar to the department. The other example of intrapreneurial activities is that of the Manufacturing Group. This Group builds a working relationship with industries in the West Midlands by determining what the best practice in the industry is and, in turn, bringing that practice onboard in the context of the University. These practices are later to be delivered back to the industry by means of the same benchmarking process. The Group functions quite independently within the University. They are able to appoint individuals to assume sales/marketing roles. The Group's expertise is marketed through training the target

customer of particular technologies which support particular aspects of its manufacturing area. As many companies may require particular modules within a programme, the Group is able to provide custom-made modules to improve individual companies' profitability, quality, and etc. The Manufacturing Technologies Initiative (or otherwise named Breakthrough Technologies) is formed with the co-operation of the County Council and also involves the Coventry City Council. The White Research Institute, on the other hand, was founded to establish and promote disciplinary research with added value. Its research activities and their related administrative operations are under an independent chain of command. This Institute's consultancy function is, however, managed through the Finance Office under the heading of Academic Trading.

There is also Warwick Science Park at the university level. There has a number of small companies which require the University's expertise to help them commercialise their products. From the interview, the researcher had an impression that this has not been considered as a 'star' project for Warwick. The University has also tried placing advertisements in trade journals and participated in the Federation of British Industry exhibition. These, however, have not been successful ventures either, according to one senior administrator. Although

*'there isn't a point in the University controlling overall marketing activities',*

as indicated by the same informants, Warwick institutes an Industrial Development Office (IDO) within IDRSO with an intention of integrating and centralising

*'marketing of the University's research bench to potential sponsors.'*

This re-arrangement of the university-wide administrative structure is a step of "organisational renewal" with a fundamental objective of marketing the University with a unified image. As specific tasks involve individual academic departments, it is now an essential task for the IDO to build a close working relationship with individual departments by demonstrating to them the benefits of this collaboration, particularly,

to those two major players in this area, namely the Manufacturing Group and the Business School.

As the IDO is new, the Director said,

*'I have not formed a marketing strategy... What I think is important is the marketing targets in context of where we can attract interest, so we need to do some research on where to find our customers. We simply need to be proactive with the companies we do have contacts with and go to the customers to see if there's opportunity we could offer something.'*

Currently, the IDO provides feature articles to target magazines and journals and the University's success stories to the press with the hope to generate some interests in industry. Over the past year, the IDO has developed for industry an Expert Directory which indicates where and whom to contact to obtain expert opinions within the University. Establishing a customer database is an on-going process. This database is intended to be a management tool for parties concerned in the University. It will eventually incorporate activities of the other two offices under the IRDSO. They are European Office and Research Grants and Contracts Office. In addition to offering short courses as separate modules which are managed by course managers, the IDO is in the process of developing university-wide collaborations with small manufacturing enterprises (SME). The Business School is one of the main targets.

From the central planning's perspective, while devoting efforts in enhancing partnership with industries, the University continues to strengthen its own competencies in science and engineering by expanding facilities and organisational restructuring. The capital expenditure has planned for the new International Manufacturing Centre and additional accommodation for Mathematics, Biological Sciences, Statistics, and the School of Postgraduate Medical Education. The last research assessment results in the recent major restructuring of the University's Department of Chemistry and development of Psychology as a scientifically-based discipline. These internal development responding to external market demands not only helps to ensure the University's reputation as a research university but also

enhances its network with local and regional industries which could very well be assets for future fund-raising activities.

#### **II.4.4. Donors**

Fund-raising had not been on the agenda of the development of Warwick for its Central Management having been holding a view that

*“the British government has made a serious mistake... in stressing the financial benefits of universities broadening their resource base by raising private money, rather than emphasising the intellectual benefits of university staff working collaboratively with external partners whether they are in industry, commerce, the public service or elsewhere.”* (Shattock, 1990, p.5)

Recently, there is a concern about the fact that the University has a strong and positive corporate image of being a leading research university locally as well as internationally and yet the national recognition seems to be less satisfactory. The general feeling is that the perception of Warwick being a great university is, according to one staff from Warwick Graduates' Association (WGA),

*‘somewhere at the school level... We need to raise overall profile and partly is with an idea to underpin potentially fund-raising.’*

There are different views on whether the University should go for a fund-raising appeal. A feasibility study of fund-raising for Warwick conducted by IAIN MORE Consultants in late 1994 discussed both internal and external readiness of the University. At the time of the first site visit, the University did not have a designated office or a person responsible for this particular function, the institutional level of collaboration in capitalising on existing network and databases seems to be fragmented. During the second site-visit after the University filled both posts responsible for Public Affairs and Development Office, one new recruit delineated tension between the University and individual schools or faculties.

*‘It is one of the debates we are having right now in the Development Committee as to what should be the projects that the University wishes to*

*put its fund raising resource behind. The anxiety is that the university would approach our best prospects for something and, on the other side of the coin, the University feels the school will approach all the best prospects that might want to give something. One of the challenges is actually to sort of slowly break that down.'*

Two broad categories of targets for fund-raising are alumni and industry, including companies and individuals. Currently, WGA is gearing up its networking with alumni via publications, social events, professional gathering focusing on specific professional group, and liaising business collaboration between individuals and the University in order to strengthen the bonding of friendship among graduates and towards the University itself and, in turn, increase their loyalty to and pride in the University. WGA publishes *Warwick Network* twice annually not only to inform alumni about the University's outstanding programmes, projects, scholars, and/or graduates but also to involve alumni in the University's strategic plan and development as well as internship programmes for fellow students. A helpline is in place for answering graduates' queries. Organising reunions of various kinds locally, nationally or even internationally is an important function for WGA to facilitate professional and social networks. The Vice Chancellor and departments have been invited to participate. To cultivate loyalty and ownership of students, WGA starts its functions prior to graduation by providing a diary card to freshmen when they first register with the University and distributing magazines or other pamphlets to graduates during commencement.

As the University is relatively young, most of its alumni are not well established. Although the ultimate goal is fund-raising, WGA's current objectives are mainly to raise the profile of the University and to create goodwill among alumni. WGA was established in 1987 and has become more active since 1993. It works closely with the Press Office in press releases and publications. WGA subscribes to a press cutting agency to monitor the press coverage of Warwick. The result shows a good performance in 1994 for the University. WGA has to-date 15,000 subscriptions for the *Companion* which is published on a biannual basis and has an extensive diary on



what's happening on campus. These are potential useful information resources for fund-raising campaigns. The current financial strategy of WGA focuses on promoting Warwick's post-experience/graduate courses, the University as a centre in which to place research contracts, conference facilities in the University, and WGA's own "Trust Fund" as well as its events. *Warwick Network* serves as a viable medium for these communications. The "Trust Fund" is a reservoir of funds for bursaries and/or scholarships. The sources of money are from the surplus of WGA's events, affinity card commission, subscription membership, and other miscellaneous fund-raising activities.

The other category of donors is industry. Warwick's philosophy of emphasising the intellectual benefits rather than the financial benefits has resulted in a slow progress of fund-raising from industry as discovered by IAIN MORE Consultants. WGA has on its own taken a more active role in raising fund from the industry. It received a significant donation from Midland Bank in late 1994. Although the University has had close network with industries in terms of collaborations in science and technology, training, and business development, most of them rest on individual departments or even on a programme basis within a department. This culture of devolution exists not only on a department level but extends also within some departments. Departmental entrepreneurship has brought the University to its current academic success. The resulting absence of corporate unity and unified identity, however, impedes organising fund-raising functions effectively.

Although the IAIN MORE Consultants did not recommend the University to undertake a major campaign in the immediate future, it strongly advocated an independent public relations office to consolidate all related efforts in Warwick. Their report indicates concerns of consistency in corporate image and continuity in building public relations. Many databases exist in various offices or departments within the University. The report lists the following: Arts Centre, WGA, MBA, Venice Appeal, Community Education, the Library, Publicity and Publications, IDO, WRI, Centre for Education and Industry, Student Sponsorship, Residence and Conference Office, and Advanced Manufacturing Systems. The consultant proposed a central office to

consolidate all of these databases into a centralised one, and the building of a Company Matrix to help the University to develop long-term relationships with its “best customer” companies. It suggested that senior managers, the Vice Chancellor in particular, who plays a very important role in development campaigns should actively participate in these campaigns.

An office called Public Affairs was officially established in May 1995. Its Director published a consultation paper on the strategy plan in August that same year.

*‘I think one the things about public affairs strategy and our objective is that you try and help intensify potential donors for the university in the future, people who might make significant sums of endowment... so there are certainly some areas where we can collaborate (with Development Office)’*

As there is a wide spectrum of different faculties which are from different backgrounds and training, although

*‘there is no phone calls or letters or memos from academics saying what the hell are you doing... but you can sense things. I may give a presentation to academics and you can read in between the lines... There is (however) a collaborative relationships between the academics who are represented by the Pro and Vice Chancellors and the faculties and the senior non-academics... In terms of decision making process for academic decisions... inevitably there are some tensions sometimes. There always are,... compared to most other places, universities, tensions are less here than elsewhere and I think... that’s probably because of the culture that’s been fostered here at Warwick, which has worked extremely well.’*

### **III. Case study summary**

Warwick has placed a large part of its resources in developing itself to becoming one of the leading research universities. That is, the University strives to operate in the quadrant of “Apprentice” of the taxonomy of supplier/user relationship. Of course, due to changing market demands for some programmes, the University is developing its faculty, services and infrastructures to meet keener competition when operating in the quadrant of “Client” and “Consumer”. Based on the case study analysis, it

appears that its Central Management does not focus on operating in the quadrant of “Customers”.

As indicated, the University has been successful in anticipating changes in the external environment and has been proactively planning for its future since the early 1980s. The EIG is a widely known model for its entrepreneurial operations. In the process of cultivating the enterprise culture in Warwick by means of EIG, however, a devolved system formed as a result tends to impede formation of a unified corporate image and university-wide collaborations. How to strike a balance between institutional management effectiveness and autonomy of academic affairs is of concern when universities are in fact being managed as business enterprise in order to attain efficiency and accountability in their operations.

Warwick does have a marketing framework but at an operational level. It has a university mission statement in terms of its directions and objectives for development, and in that context, it is fair to say that people behind those activities understand its message within their activities. All the income generating activities are monitored by the EIG which is a management structure for formally pooling and monitoring institutional income from different sources. Although there is a marketing element within these income generating activities, there has not been a centrally designated group of people with the responsibility to evaluate the business plan and to ensure that plan fit in the university in a certain period of time, five years for instance. In that sense, the Steering Committee seems to function as that core group. However, it could be a question as to how transparent it is in order to allow other members of the university to contribute when opportunities arise.

In the overall management of the University, tension has built up at various levels as a result of confusing strategic directions and power struggle between individuals. There is a great deal of devolution of responsibilities for marketing activities to individual departments and offices in developing marketing strategies. There is not a structured plan for each marketing group but there are elements of their activities in the business plan to accommodate their marketing function needs. Various departments and/or

offices may focus on different target segments which require different strategies. The eventual recruitment of Public Affairs Director and Development Officer do not seem to resolve the problem of lack of appropriate authority of command. The increasing level of tension within Central Management was more evident during the second site visit. This has imposed pressure on internal stakeholders, in particular those in managerial positions. Although the University has been successful in achieving its goal as a leading teaching and research university, there are some undercurrents being observed and they may pose a potential threat to the future development of the University.

## **CHAPTER 6 LIVERPOOL JOHN MOORES UNIVERSITY**

Liverpool John Moores University is one of the polytechnics that was re-designated to university status as a result of the Further and Higher Education Act in 1992. It has since been very active in raising the public's awareness of the University. Therefore, this case analysis concentrates mainly on examining its strategic planning activities and marketing practices for the period of 1992-1995.

### **I. Transition of Status**

Liverpool John Moores University (JMU) was previously called the Liverpool Polytechnic and dates from to the 19th Century. A group of local businessmen joined together and founded the Liverpool Mechanics' and Apprentices' Library in 1823 (JMU, 1995). The Liverpool Polytechnic was formally formed in 1970 by incorporating the City Colleges of Art and Design, Building, Commerce and the Regional College of Technology. In 1983, more institutions were added to its purview, namely the City of Liverpool College of Higher Education, the IM Marsh College of Physical Education, the FL Calder College of Home Economics, and the Liverpool College of Nursing and Midwifery to make the Polytechnic one of the largest in the UK. As a result of this consolidation of a broad spectrum of disciplines and institutions, the Polytechnic had to tackle the inherited problems of multi site operation, academic fragmentation, high premises costs, and low administrative base (JMU, 1993a). By the time it became a university in 1992, the University has made considerable progress in integrating a number of functional areas, such as library, computer services and central administrative teams in financial, personnel, information and planning. Facilities and equipment have also undergone extensive renovation and up-dating. So has the software of administrative staff been strengthened in order to

ensure the staff have sufficient competencies for handling increasing devolution of computerised information systems.

Since its re-designation in 1992, the University has been emphasising more its future strategic plan than reminiscing about its past development or struggles. Similarly to many other polytechnics, academics at JMU placed its main emphasis in the past on teaching and training as the intended mission of polytechnics. Their competencies, or lack of competencies, in conducting basic research, and the practical nature of their existing research projects have impeded JMU from attaining favourable rankings in the Research Assessment Exercise of the Funding Council (HEFCE). Consequently, the University suffers from a smaller amount of funding and poorer image of its academic achievement than that of many of the “old” universities. The distribution of JMU’s total income in 1993 comprises 34% of the recurrent grant from HEFCE, 39% of tuition fee, and 27% of other sources consisting of contracts of scholarly activities and other commercial operations of the University (JMU, 1993b).

## **II. Marketing audit of the University**

JMU has striven hard to change its corporate image since it achieved university status. The University places strong emphasis on personnel and resources in its marketing functions with an attempt to counteract the inherited disadvantages when promoting the University to their prospects. On the morning of September 1st, 1992 the University placed its new name and logo which is a re-styled Liver bird representing the famous Liverpool image on all of its buildings and new stationery. The University was repainted to incorporate the new identity. However, the University reaffirmed its commitment to its continuing mission.

*“We aim to continue growing as a major provider of quality courses, research and consultancy at the leading edge of development, geared to the needs of our students and clients and thereby contributing to regional and national regeneration.” (JMU, 1993b)*

In order to promote this mission, the University identified seven commitments whose first letters form the acronym “TO SERVE” as follows:

*“To put our students’ and clients needs first; Open up opportunity for all to fulfil their potential; Seek efficiency with environmental awareness; Encourage excellence, effectiveness and internationalism; Require continuous quality improvement; Value our staff and students; and Ensure that we are a non-racist, non-sexist, multicultural community.” (p.4)*

## **II.1. Market Orientation**

JMU, under the leadership of its current Vice Chancellor, Professor Peter Toyne, has a distinct market-orientated philosophy. Toyne re-iterated in the first annual report (JMU, 1993) after JMU’s re-designation to the university status the customer and competitor focus and interfunctional co-ordination for overall development of institution’s programmes.

*“The changes gave us the opportunity, for the first time, to compete directly with all universities for both students and funding. In so doing we were challenged to identify our strengths and weaknesses... (and) to grow and contribute to regional regeneration; to put students’ and clients’ needs first; to open up the opportunity for all to fulfil their potential; to seek efficiency with environmental awareness; to encourage internationalism; to require continuous quality improvement; and to value staff and ensure (the University) be a non-racist, non-sexist and multi-cultural community.” (pp.3-5)*

Toyne advocates an across-the-board market orientation at JMU with a ‘very top-down approach.’ From a middle management’s perspective,

*‘...the VC said that this was what he wanted and managers were there to deliver it. Now the system has become more devolved to make us to more responsive. Again, that was also top-down. But if you try to increase flexibility, you want managerial authority a lowest point as close to the activity as possible... At one time, all power rests in the centre. There was a command process “you will do this.” Now, we try to put in place the strategy and broad framework, but in a sense the operational control is near the point of activity you possibly can get it.*

*When you are trying to change culture... in the end the only thing you can do is to persuade people the value of your argument.'*

JMU has become more responsive to market demands when this market-led philosophy was adopted by the newly formed management in the late 1980's. This small group of senior managers who believed in the demand of more flexible provision of higher education advocated modularising all JMU's provisions. That process started in 1988. According to the same informant,

*'we did a number of things which led to modularising our curriculum, introducing an academic credit structure, and defining the curriculum in outcome terms, such as what students would be able to do, what knowledge or skills they have on completion of their study. It took us five years to do that. Change of culture is very difficult to do.'*

The Executive Management Team (EMT) functions as the Central Management which works directly with the Vice Chancellor on strategic directions, formulates resulting policies, and overlooks their implementation. Currently, EMT consists of Provost, Dean, Bursar, and Development Director. With the assistance of this EMT, the *Vision for the Millennium: Building the Future, A Presentation by the Vice Chancellor* was published and circulated among the University's staff in 1994. The title page specifies:

*"OUR CORPORATE OBJECTIVE TO CONFIRM JMU as A PROGRESSIVE, LEADING PROVIDER of QUALITY MASS HIGHER EDUCATION guaranteeing FLEXIBLE ACCESS to EXCELLENT, SUPPORTIVE and INTERACTIVE LEARNING, underpinned by appropriate research and enterprise DESIGN TO ENABLE OUR STUDENTS TO BETTER THEMSELVES, through professional study programmes relevant to their needs, those of employers and the wider community. TO ACHIEVE OUR OBJECTIVE we will endeavour to operated as a STUDENT-CENTRED WELL-MANAGED FULLY-ACCOUNTABLE BUSINESS-LIKE LEARNING COMMUNITY."*

Fourteen targets were formulated based on this Millennium Vision for the University to achieve by the year 2000. These targets entail aspects of Academic Delivery, Curriculum, Learning & Teaching, Scholarship & Research, Enterprise, Student



Recruitment, Student Facilities, Human Resources, Financial Budget, Capital Funding, Development Funding, Quality, Efficiency, and Governance. Many of these proposed actions are customer-driven and business-orientated. They will be elaborated in the following respective sections.

Administrative staff, particularly those who are actually involved in formulating marketing strategies, support this market-led philosophy. For example, the Director of the Development Office comments,

*'...we have a business philosophy internally in running this university... our product is the education we provide to our students and our whole activities should be focused around providing best quality and best experience for those students... Our next stage is to market our graduates as JMU's product... JMU has this so-called devolved managerial system. These 35 managers manage their own budget. They have to manage their resources within the policy framework. This University is more centrally driven. Conventional universities would not have a Vice Chancellor with this small group of people (referring to EMT) to come up with a vision which the school is going toward. Instead, they would be research-led. This vision was imposed by the central to colleges.'*

The Vice Chancellor's Millennium Vision in fact arouses different feelings among other groups of staff at JMU. From the perspective of one veteran scholar at JMU,

*'...the University operates very much bottom up... it's the people at the schools who decide whether and how to react to it (i.e. the Millennium Vision). He (referring to the Development Director) has just finished going around talking about it to the various schools. But what he is doing is re-directing our activities to a more technical course of it... I can't remember what he wants particularly that's going to be different from what we have been doing already. Because we are a fairly sort of bottom-up institution, it would impact differently at different schools. Each would decide how to interpret it in their particular subject areas and how to run with it.'*

## **II.2. Marketing Organisation**

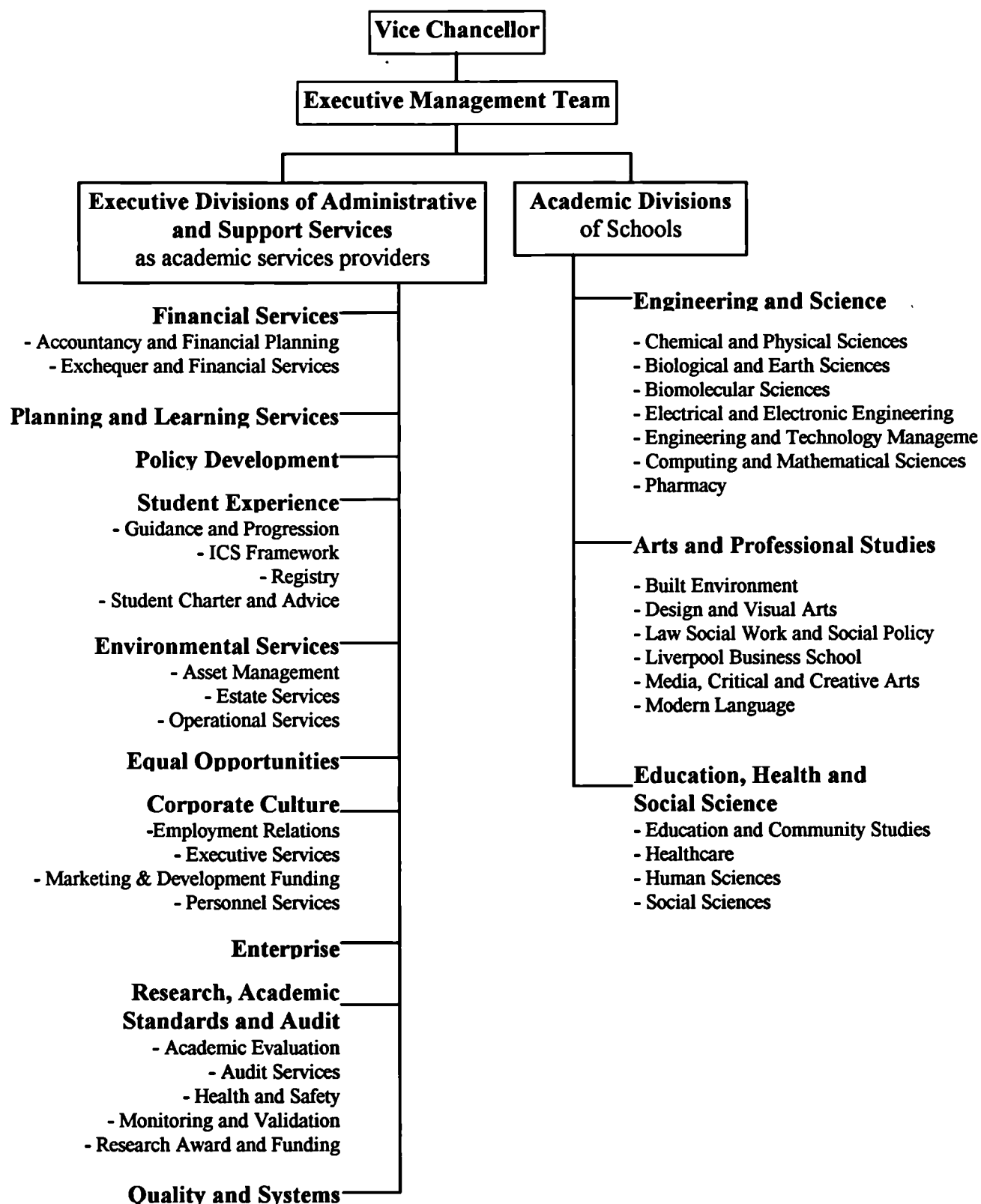
JMU consolidated both its academic divisions and administrative and support services and re-organised the entire administrative structure in 1993 (as shown in Figure 6-1). This major organisation is instituted to fulfil the 'Corporate Aim' of growing as a major provider of quality education, research and consultancy for meeting the needs of students and clients.

### **II.2.1. Integrated academic and administrative organisational structure**

A total of seventeen Schools are grouped into three Academic Executive Divisions, namely Engineering and Science, Arts and Professional Studies, and Education, Health and Social Science. The University Provost, Professor Jennifer Latto to whom these three Executive Directors report, conducts monthly meetings with all the seventeen School Directors and encourages them to bring their ideas forward. The Schools design and maintain modules with the Integrated Credit System (ICS) and are responsible for ensuring the quality of their offerings and the continuous development of their subject areas. Resource allocations are increasingly determined by an income-led model and the responsibility for the management of the budget is increasingly devolving to Schools.

Three Academic Divisions, on the other hand, are responsible for quality monitoring and academic development within the Schools. Division Directors function as line managers to ensure effective delivery of strategies for accommodation, technician support, administrative and student support services, and quality of course delivery. The Schools are the basic unit in this organisation for the provision of academic programmes. The School Directors are responsible through the Provost on day-to-day operations to the Vice Chancellor. These Directors manage respective schools according to an agreed budgetary and managerial framework.

**Figure 6-1 Academic and administrative and support services at JMU**



The Academic Evaluation Office was established in 1992 for the purpose of monitoring the level of student satisfaction with the university's performance. The Divisions of Administrative and Support Services, as the name suggests, provide services to Academic Divisions and Schools. The University is in the process of implementing the policy of using service agreements or other comparable methods between these Divisions and their respective Academic Divisions and Schools in order to ensure effective delivery of services in support of academic programme delivery.

## **II.2.2. Centralised marketing organisation**

Before April 1994, a number of offices and units had independently undergone various types of income generating activities since 1990. JMU Services Ltd. and the Development Trust were the major agencies in the area of searching for and secured funds from other than the 'standard' fees and revenues funded by the Government. After the review of non-standard income generation in 1992, the University started the Enterprise Centre to include the existing JMU Services Ltd. for co-ordinating consultancies, sponsorship for scholarly activities and the new brief of bids for UK and EEC non-research funding which are considered to have much potential. The Industrial Liaison Office within the Enterprise Office, on the other hand, assisted in supporting applied research which is of significance to the industrial, economic and environmental regeneration of Merseyside. International Office and External Programmes Unit which later were incorporated into the External Programmes Team had similar functions but targeted at overseas and local markets, respectively. Both Offices were established to build a franchise network with the former concentrating on marketing the University to overseas students. Marketing and Communication is concentrated on increasing JMU's market share of student applications by conducting market research into the potential student market and increasing the level of media exposure of JMU activities.

JMU established the Development Office in April 1994 to function as a central marketing organisation with terms of reference directed toward

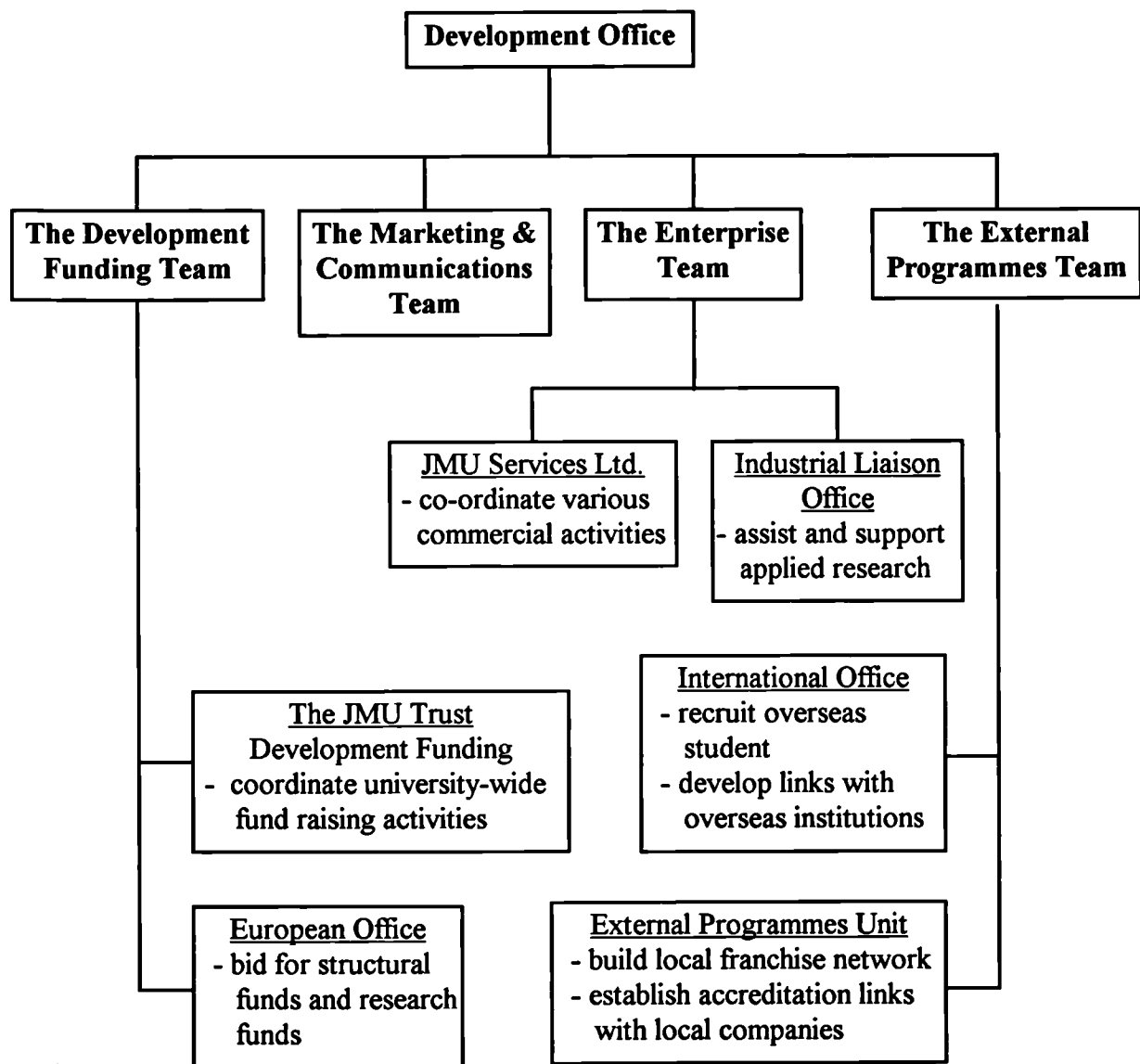
*“securing the plans of the Institution through the co-ordination, logistic operation and forward planning of all services related to fund raising, non-HEFCE/LEA income generation, europeanism, internationalism, communications, media, public relations and the marketing of the University.” (Melhuish, 1994, p.1)*

The development Office which is headed by Mr. Stuart Melhuish is directly under the Vice Chancellor’s purview and its primary aim is to

*“promote efficiency and maximum productivity in the office through the integration and co-ordination of the activities of the four Teams.” (p.6)*

The Director’s primary responsibilities are to formulate strategic directions for the Office and to maintain as well as develop JMU’s external contacts. Day-to-day operations of the Office, on the other hand, are the Associate Director’s duty. The primary aims for these four Teams, namely Marketing and Communications, Development Funding, Enterprise, and External Programmes (as shown in Figure 6-2) are: to maximise awareness of JMU its mission and its facilities; to maximise the income generated for the University through securing funds from the public and private sector at a local, national and European level; to maximise the income generated for the University through commercial activities; and to create additional non-core income streams by establishing JMU as an international University and as a widely recognised centre for the validation and accreditation of learning locally, nationally and internationally, respectively. A designated staff in Marketing and Communications is responsible for conducting pivotal marketing research which supports all four Teams under the Development Office. Quality assurance for these marketing activities is organised by the Development Office itself. Examples are conducting survey on both internal and external customer satisfaction with regard to services rendered by the Office; developing an Office ‘style’ for telephone and written communications; establishing an Office-wide appraisal procedure; benchmarking with best practice locally and overseas (especially the USA); and instituting a structured staff development programme linked to the outcome of staff appraisal, customer feedback and a needs analysis.

**Figure 6-2 Development Office - a centralised marketing organisation at JMU**



### II.3. Internal Marketing

Since re-designation in 1992, the University has experienced the emergence of a much more focused senior management perspective (JMU, 1993a). While planning the institutional strategies for 1992-1996, the Central Management recognised

*“the need to create a culture of competence to complement the devolution of authority and responsibility... and a genuine shared ownership of university-wide objectives.” (ibid., p.1)*

#### II.3.1. Implementing ‘frame-breaking changes’ university-wide

Toyne (1994) directly communicated his market-led philosophy and market orientation for the University to the entire staff members by circulating his Vision for the Millennium institutional-wide. It is clearly stated in these Vision statements that

*“a Staff Charter will be introduced and the emphasis on staff opinion will be increased as the staff opinion survey becomes biennial, and the processes of consultation on matters of major policy and strategy are strengthened... by the use of Green Papers (first consultation) followed by White Papers (firm proposals) leading to corporate decision-making through the EMT and the established committees of the Academic Board and Board of Governors.” (ibid., p.1)*

A key member in the EMT, is the Director of the Development Office who directly assists the Vice Chancellor on the planning and implementing of market-orientated strategies. He indicated in the interview that

*‘I worked with the VC a millennium vision which is we see the university development to the year 2000. This went to EMT and has been endorsed by the EMT and has now gone throughout the university. JMU has this called developed managerial system. These 35 managers manage their own budget. They have to manage their resources within the policy framework. This university is more centrally driven, i.e. conventional universities would not have a VC with this small group of people to come up with a vision... This vision was imposed by the central to the colleges.’*

All the Executive Directors are instructed by the Vice Chancellor to put 'communications' at the top of their agendas and to pay particular attentions to ensuring that information was shared appropriately with all staff in their Divisions. However, one senior administrator who has been involved more in academic affairs viewed the Millennium vision as something no different from

*'what we have been doing already. Because we are a fairly sort of bottom-up institution, it would impact differently at different schools.'*

The Development Office which is the integrated marketing arm of the University (as shown in Figure 6-3), has been the main force to facilitate internal communication institutional-wide. Internal marketing is done by internal publications, such as *factfile* (fortnightly) which reflect issues surrounding university operations; a bimonthly in-house magazine *inside* with emphasis on people rather than policy or business; and a quarterly *JMU news* which goes to both staff and students. Because the University has not completed its internal centralised management information system, and still, schools are all decentralised, it is difficult for Marketing and Communications Team to have very efficient communication. In general, the effectiveness of internal communication relies on the distribution of these internal publications and personal rapport with school directors. As indicated by the Head,

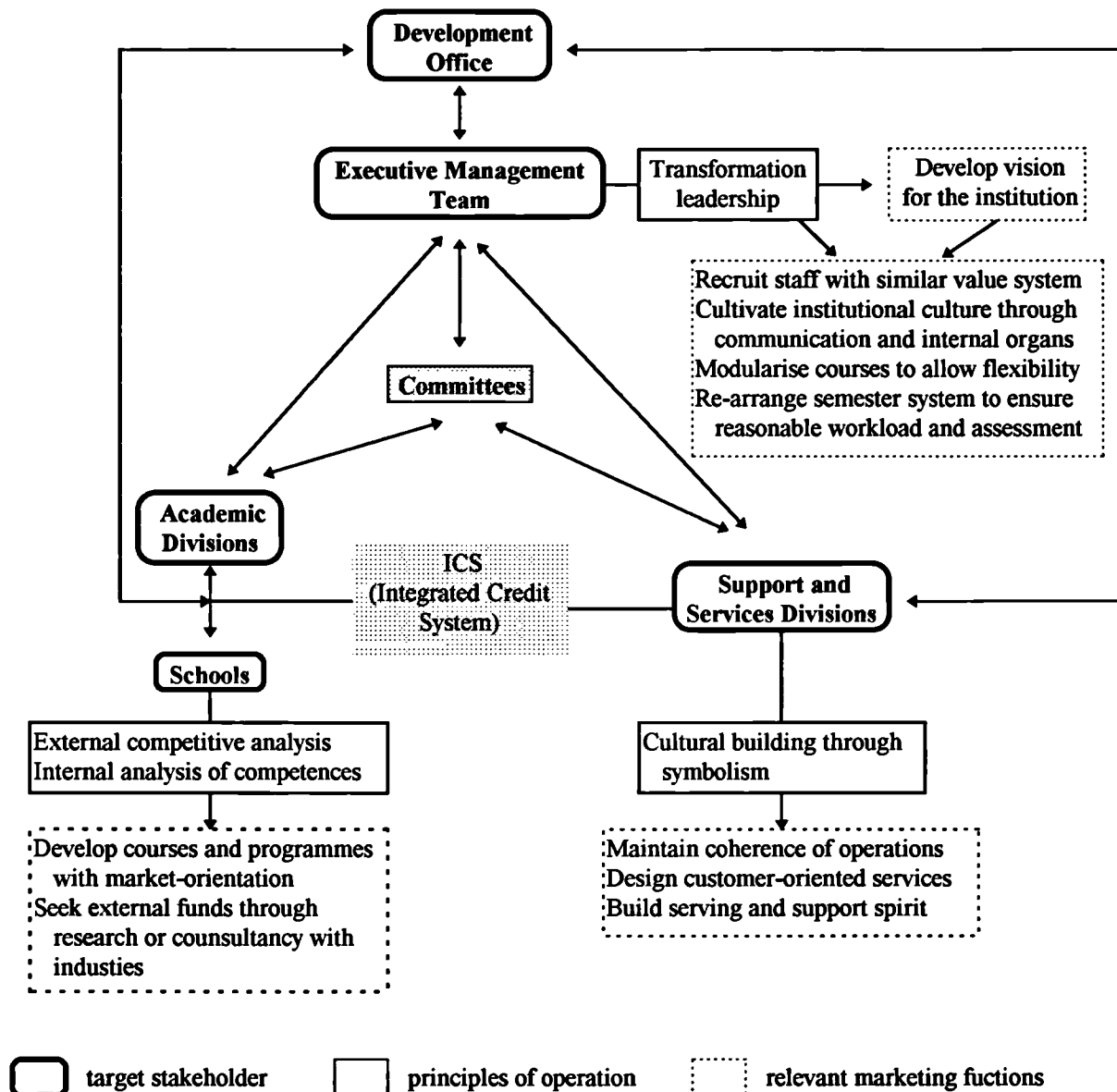
*'if we look at it from a staff point of view, we try to get a story in about administrative staff, about academics, about manual staff (like people in catering). So that they will feel that they are represented by this publication.'*

As the Development Office is the integral unit assisting the Vice Chancellor in cultivating a market-oriented culture throughout the institution, communication with other units within the University is vital for the Office to achieve its aims.

*"The key principles are consultation and partnership, maximum effort is made to ensure that policies and strategies are developed in conjunction with the Schools and appropriate Service Teams." (Melhuish, 1994, p.1)*



**Figure 6-3 Internal marketing and communication channels at JMU**



Consultation is achieved via Working/Steering Groups charged with co-ordinating a particular activity, such as the Objective 1 Working Group, International Strategy Group, Malaysia Group, University Co-ordinating Group, European Strategy Group, Enrolment Management Group, and Part-Time Study Working Party.

Another strategy for building this institutional enterprise culture is to start this process when recruiting new staff. They are given an enhanced induction programme. This one-day programme orients new staff with information on institutional history, mission, targets, and expectations and provides them with an opportunity to meet the Executive Directors informally over lunch. For existing academic staff, a newly introduced performance appraisal system assigns appropriate weights to teaching and course development according to the charge mentioned previously. Administrative restructuring and retraining also reflect the new demand of devolved responsibility and newly introduced ICS for the entire undergraduate curriculum. The consolidation of academic structure facilitates interactions of Schools, their support and services providers and the Development Office.

Evidently, the market-led philosophy, the new marketing organisation, and the overall strategies for 'frame-breaking' changes have given rise to some internal tension. Some interviewees from Divisions outside the Development Office view those marketing initiatives from the Office differently. As commented by one senior administrator,

*'... suppose the marketing people (referring to the Development Office) think there is a niche of the market there for us to offer a course like that... They haven't so far gone up to the appropriate school... The School Director should be the one to decide whether they want to put on a new part-time course or not.'*

This informant continued:

*'What we teach is not where the demand lies but is what the government want us to teach... Our marketing has to be directed to meet the targets that we are given. So for the subjects that with short supply of students, we need to market ourselves. The role of marketing in the strategic plan is not much. There is not much of a strategic plan either because the government policy for the next three years is that we shall not grow. The only area where marketing can contribute is with part-time courses where we have not got restrictions... But there isn't a great deal of liaison between marketing and strategic planning at the moment... The university operates very much bottom up. The School Directors would decide if they want to put on a new part-time course... And they will arrange with marketing the appropriate advertising. So the initiative*

*comes from the teaching part of the university where they know they got the staff or resources to do something new. You don't come the other way.'*

Another long-term administrator expressed reservations on the actual contribution of marketing strategies and the chain of command in terms of programme development:

*'The problem is that we still receive a very high level of public funding. So although we know there is a demand... but the government is capping higher education and preventing any further growth... Therefore, the use of information from market survey is poor compared to other industries or business.'*

Evidently, 'market-led' and 'marketing' have become jargon-like terms at JMU but are perceived as having different levels of significance and various ramifications by people from different backgrounds.

### **II.3.1. Impetus to organisational renewal**

In 1993-94, HEFCE 'clawed back' £0.7 million from JMU due to under-recruitment. This loss of income was also accompanied by the permanent loss of the student numbers associated with the under-recruitment. This incident triggered Central Management to take charge in working on an organisational renewal in recruitment management. The Vice Chancellor and the Planning and Logistics Assistant Provost led a Policy Group and an Operations Group, respectively, to examine the recruitment issue.

JMU received over 42,000 applications in 1994 which was ranked 8th of all British universities. Its enrolment procedure, however, was unable to produce an accurate census of student numbers ready for the HESES (Higher Education Student Enrolment Statistics) returns. This inefficiency in operation reduces the University's ability to take remedial action and affects institutional interim budgets. The Operations Group identified five key stages for improvements of the recruitment process (Recruitment Management Task Force, 1994):

- planning/target-setting and the link to marketing
- promotion of courses
- enquiry management
- handling of applications, including clearing, as well as the provision of accommodation and other student support, such as child care
- enrolment

The task force proposed several recommendations based on the policy objective for JMU stipulated by the Policy Group. As the University is looking at widening access to academic programmes for all who are motivated and appropriately experienced, or qualified, the recruitment process should become a linear one (*ibid.*). The reform of recruitment management, hence, entails an organisational change. A recruitment manager is to be employed as the Head of this linear process and he/she would oversee and co-ordinate market research, student number planning and target-setting activities, promotion of academic programmes, the proposed central University-wide enquiry management system, the applications and clearing process, and the enrolment process. As the team members are of the view that academic staff should be freed from this administrative duty in order for them to concentrate on teaching and research, this recruitment manager then should control the market planning and promotional functions relating to academic courses and manage a central University-wide admissions unit whose operation is under the guidance of criteria set by course admissions tutors from individual schools. The task force suggests installing a high quality, robust, and integrated enquiry-applications-enrolment information system to ensure efficient operation of this linear process.

In addition, JMU had instituted another organisational renewal for aligning its academic programmes with future development of the institution. In September 1994, the University structurally changed its two semester system to one that will be compatible with future introduction of a trimester system. This change of semester system attempts to enhance choice and to reduce unproductive assessment loads

associated with trimester based modularisation. The University believes that there is scope through variation in sandwich patterns and industrial experience to move some existing activities into the third semester so as to create additional capacity in the other two semesters. For those strong recruitment areas in the media, business and arts, there will be scope for multiple entry points (JMU, 1993a).

Along a similar line of requesting a higher student quota from HEFCE after the clawback, the University is in the process of consolidating its academic programme portfolio in order to renew its course offerings by re-packaging modules and emerging new specialisms. For example, Broadcast Engineering, Environmental Science, Public Sector Management and Crisis Management are planned new areas of specialisation.

*“The University is particularly anxious to work with the Liverpool media industries to create an axis of international excellence and will be looking for ways to expand co-operation across Media, Electronic Engineering and Management to make appropriate provision. The Proposed Associate College Status for the Liverpool Institute of Performing Arts is a key element of this strategy.” (JMU, 1993a, Section 2.2)*

With the industry backing and energy, the University considers this programme is a window of opportunity and has tried to seek the HEFCE's approval of increasing student funding from for 125 students in 1995 to 365 in 1996.

### **II.3.2. Internal mechanism for cultivating intrapreneurial culture**

The VC's Millennium Vision indicates (Toyne, 1994),

*“...all academic staff will be expected and encouraged to pursue scholarship and research to enhance the delivery of quality teaching and learning environments for our students; a limited number of areas of special 'research excellence' will be established.” (Action 4)*

As in other universities, the academic Divisions are the ones to take initiatives in programme development and course delivery improvement. The EMT, therefore, allocates an amount of money for individual schools to bid for in order to encourage

these academic Divisions to support the Millennium Vision and, in turn, to cultivate the intrapreneurial spirit as set out in the Millennium Vision. This Development Fund from either research grants or non-standard income helps to promote research in areas of strategic importance to the University. For example, some of the University's 'leading edge' activities are in the Astrophysics Group, the European Institute for Urban Affairs, and the School of Biomolecular Sciences.

In accordance with the mission statement, the University is seeking to develop a synergy between research and curriculum development and, particularly, to support applied research which is of significance to the industrial, economic and environmental regeneration of Merseyside. The University established the Technology Transfer Centre in 1994 and the Industrial Liaison Office within the Enterprise Office to support those applied research initiatives. The External Programmes Team has also been working in conjunction with the Schools and relevant Service Teams on building JMU as a learning validation and accreditation centre.

One pressure is on JMU's research performance which has substantial implication on its ranking in league tables. This issue provokes internal controversies. Whilst the University claims to be committed to pursuing research by providing internal pump priming funds for potential areas of research strength to develop to the point where they can attract external funding from appropriate sources. The Director of the Development Office who does not come from an academic background raised his doubts as to

*'how the research actually impacts on the quality of teaching to students.'*

According to him,

*'the University is not research-led. JMU does not want to compete for research funds... some academics say that better quality research would improve quality of the education provided to students... [but] the more they become leading academics less students they will see. The more research orientated the more successful the university is becoming or the department is becoming the less chance for the students to see senior researchers. We are glad to be involved in research. But we get*

*involved in research in ... applied research and ... in problem solving and specific outcome-led research linked with the industry. We are not interested in basic research... Research is one of the key things that we involve in but we don't allow research to take over running of the institution. As many changes are going on in new universities like this one, the conventional universities are not able to react to that challenge coming from the new universities. Because we have gone through so many changes and we have learned how to manage ourselves and react to things quickly. And we are very dynamic now compared to the old universities. It will be interesting in 10 to 15 years to see where we sit. '*

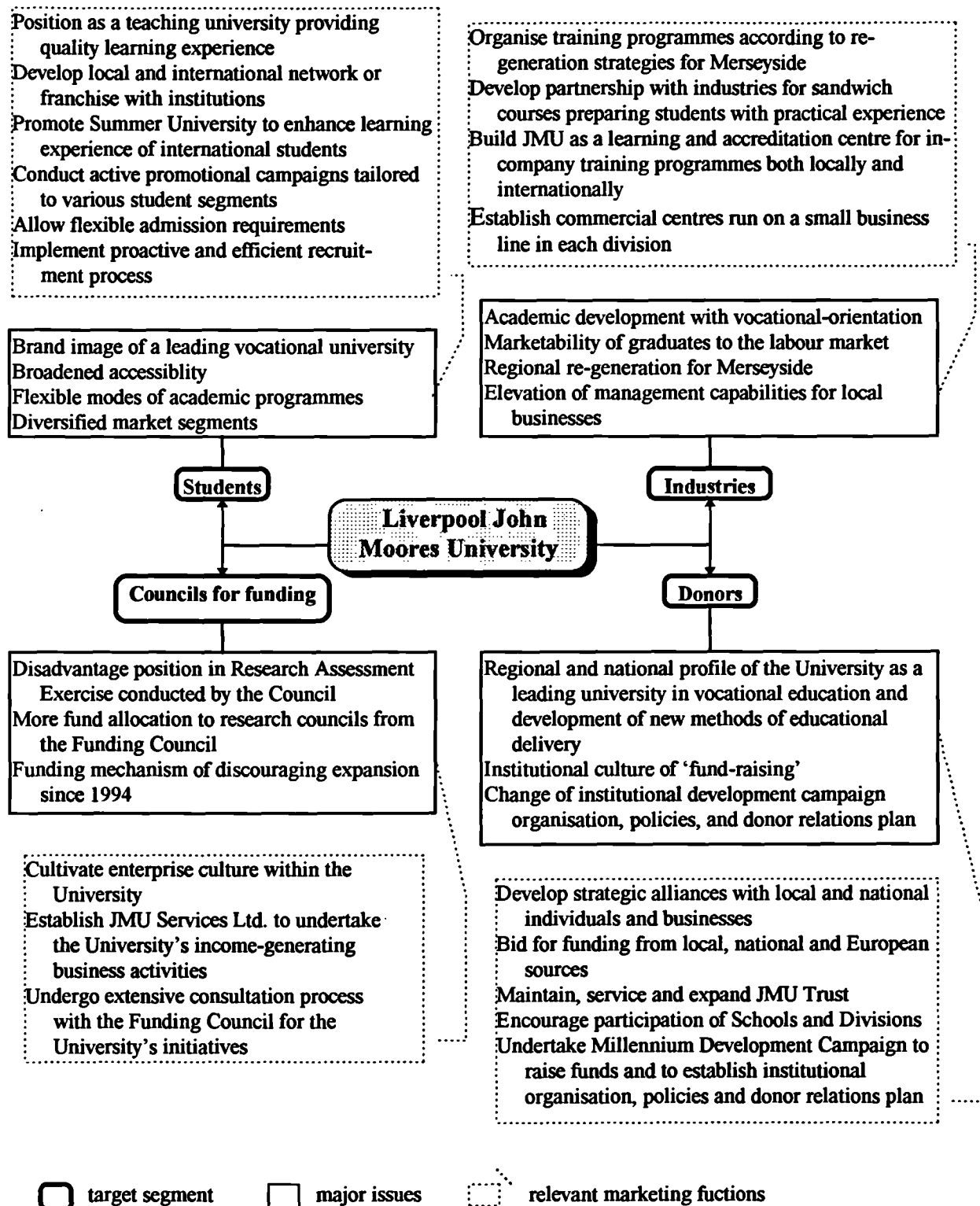
## **II.4. External Marketing**

When discussing marketing higher education institutions to customers, one needs to identify what 'products' should be marketed to which target customers. As mentioned in the previous Section, four major categories of customers for higher education institutions are students, industries, funding councils, and donors (referred to Figure 6-4).

### **II.4.1. Students**

When universities have difficulties in fulfilling their core-funded student quota according to the 'contract' between them and HEFCE, means of increasing student enrolment need to be devised in order for the university not to be penalised as a result of the shortage of the ordinary pool of secondary school leavers. The tide of mass higher education has encouraged the concept of 'life-long learning'. Demands from working people and/or adult learners have increased significantly over recent years. The impetus of contraction of public funding as well as restricted growth in the core-funded student places has forced institutions to devise various marketing strategies for increasing sales from expanded market segments. JMU is an example of those universities adopting strategic marketing in planning its student segments.

**Figure 6-4 External marketing for JMU**





#### **II.4.1.1. Niche positioning and its corresponding strategies**

The Central Management at JMU is well aware of their limitations in academic research capability. The outcome of several HEFCE's Research Assessment Exercises and the resulting league table have not been favourable. JMU's corporate image is less attractive to secondary school leavers with best A-level grades and it does not have programmes operating in the quadrant of 'Apprentice' as shown in Figure 3-2. Consequently, the preferred niche positioning of JMU is being a teaching university that provides flexible modes of learning, such as ICS, and quality learning experience to their wide range of student segments.

JMU continues the traditional polytechnics mission as an institution established to provide higher education for people who would never have thought of going to universities or who were educationally disadvantaged in some way or other. In terms of broadening access to its mainstream full-time programmes (in the quadrant of 'Client' in the taxonomy of Figure 3-2), the University has formulated a number of strategies to recruit students from non-conventional sources:

1. JMU believes in learning experience at work. Therefore, it has an accreditation process for granting applicants the equivalent credential necessary for them to be enrolled in the University's programmes. In addition, the University closely monitors the impact of NVQ, GNVQ and other curriculum developments at secondary level. It trains managers to ensure admissions reflect new competency-based prior qualifications.
2. JMU takes a pro-active role in planning strategies to attract local students to enrol in its programmes. The University is a founder member of, and host to, the Merseyside Open College Federation. It also initiates a 'Liverpool 8 Access to Law' course (that is 'Black Access Course to the Law degree') (JMU, 1993a) and provides guaranteed places at JMU for some young people from inner city schools.

In addition to the strategies for broadening access, JMU has been planning its academic programmes and structures to have competitive advantages over those of its rival universities. The University started to modularise all the curriculum in 1988 to respond to the market demand for a more flexible provision of higher education and later introduced the Integrated Credit Scheme (ICS) in 1992 to allow students to customise their own programme of study. This Scheme helps to facilitate access for previously under-represented groups. “The Integrated Credit Scheme - A Different Way to Study” is the slogan of the “Introduction” section in JMU’s colour-coded Prospectus for 1994/95 entry.

*“Subjects are divided into units of study called modules. On successful completion of a module, students are awarded credits which are accumulated towards their degree, diploma or certificate.” (ibid., p.13)*

As a result of this scheme, students in regular courses of study are able to attain single honours, joint honours, combined studies or a major/minor combination. The advantage for life-long learning is that studies can proceed at intermittent stages as necessary because these credits earned can be accumulated. Of course, there are constraints and restrictions with this scheme depending on the demand of various subjects. The Central Management, however, recognises in its Strategic Plan (JMU, 1993a) that the progress of ICS has been uneven and further work is required for administrative and time-tabling mechanisms to allow the emergence of stable and meaningful patterns of choice. Another strategy to differentiate more of the University’s offerings to that of rival universities is the emphasis of the integration of learning and experience for all students. A number of sandwich degrees have been promoted in the marketplace.

#### **II.4.1.2. Market expansion strategies**

As a result of JMU’s inferior image in research, its Central Management has actively planned ways in which the University may attract more students from all walks of life. These programmes operate in the quadrants of “User Specified” as indicated in Figure

3-2. Again, as discussed in Chapter Three, students in the quadrant of 'Consumer' enjoy educational services without paying for them or with partial financial responsibilities. Those in the quadrant of 'Customer', on the other hand, pay for the services they receive and, hence, they have a more active role in how the courses are planned and delivered.

Local government has been a major target of JMU in its effort to expand its customer base. The Development Office has been active in working with local government on some initiatives which not only attract students but also financial sponsorships for the participants. For example, the University offers distance learning opportunities for inmates of Her Majesty's Prison. Due to JMU's support of local government, Liverpool has helped it to develop closer working relationships with local colleges and institutions. Consequently, the University participates in a number of education programmes initiated by the government. For example, the Objective 1 status for Merseyside allows the University opportunities to collaborate with TECs and/or other providers to meet training and development needs for both employed and unemployed persons in Merseyside.

The External Programmes Team under the Development Office has pursued building the franchise network with local colleges. This strategy is designed to

*"recognise the special links Further Education has with its local communities and the comfort factor which helps non-traditional students overcome their personal barriers to degree level work." (JMU, 1993a)*

This activity is however subject to the steer of both HEFCE and FEFC whose current policy discourages expansion. Central Management believes that franchising on a local networked basis plays an important role in increasing access and raising participation ratios in the future. Some overseas franchising arrangements have been established in Eire and Malaysia with private sectors which operate in the quadrant of 'Customer'. These developments provide opportunities for staff development and opportunities to achieve economies of scale for the development of teaching and learning delivery services.

#### II.4.1.3. Marketing functions for student recruitment

The student population at JMU grew from 7,000 in 1985 to 18,529 in 1992/3 and to 22,745 by 1995/96. In 1994, the University had about 55% local and regional students and intended to expand this segment to about 60% whilst having 30% from other regions of UK and 10% international by the year 2000 (Toyne, 1994). Marketing and Communications has organised open days and information fairs, built contacts in local community like sponsor or support project, and maintained contacts with further education. As the schools are forced by the public funding mechanism to meet their recruitment targets, many of them have become very keen on getting the publicity, particularly those that are under-recruiting. The Team has taken more aggressive approaches like raising local and regional publicity, advertising for those schools, and producing eye-catching as well as user-friendly prospectus and other leaflets. Good relationship with academic Schools is important for these collaborations. The University has a central budget for producing promotional materials and there is a marketing studio in-house and a graphic designer who produces leaflets for schools or other publications. The Head indicated:

*'In general, there are prospectus from many universities on the shelf. Our strategy is to produce most user-friendly and interesting prospectus. We are one of the few universities that have used this tab system. Subjects are listed alphabetically. This is the starting point and a major marketing tool.'*

As mentioned in the previous Sections, there are several student segments at JMU, namely the full-time undergraduate market with standard qualifications, the one with non-standard qualifications, and the part-time student segments. The Central Management attempts to merges all these markets into one and manage them holistically. During this consolidation phase of HEFCE, the Central Management focuses its efforts in enhancing

*"the recruitment of part-time and non-standard students and to reinforce its strength in Science and Engineering through whatever initiatives are available. When the growth constraint is relaxed the*

*University will seek to expand in the Media and Arts areas to reflect the regional strengths in these areas.” (JMU, 1993a, Section 3.2)*

Depending on the student market, the Development Office runs advertisements throughout the year. But the advertisements are mostly for promoting corporate image or for the courses that are under recruiting, particularly for the part-time student market ('User Specified' quadrants). For this segment, there are specific local campaigns. For example, there was a series of advertisements in local newspapers for 5-6 months. There is also a part-time prospectus called *The Return to Learn Handbook*.

As students from countries other than the UK and EEC are required to pay their own tuition fees, JMU considers this segment as a market-led system for income generation. The University has invested in building extensive international links with both governmental and private academic institutions and agencies for student exchange schemes and accreditation programmes. The International Office was established in 1993/94 for developing joint programmes in Malaysia and the Middle East. After being incorporated under the Development Office, its primary aim for 1995 and beyond is, according to one staff member in the Office, to establish contractual partnerships between Schools and the Development Office and to promote and co-ordinate all international activities.

*'Marketing research is one of the weaknesses of this University,'*

commented this informant,

*'we currently use a more systematic way of collecting information from various sources. Within this Office, we focus on market research and decide for the institution where the best market is to recruit international students... (but) there has not been a marketing plan systematically put in place.'*

The International Office collaborates with, for example, the School of Modern Language, the Business School, the European Institute for Urban Affairs, and the Centre for Pacific Rim Studies to establish new connections in Europe, the Middle

East and the Far East. There are student exchange schemes with universities in Japan, accreditation agreement with educational centres and/or institutes in also Dhabi, Jordan, and Malaysia, franchised degree courses in Dublin, and collaborative agreement with government agencies in Moscow. The External Programmes Team is also involved in developing international links for the University, but concentrates mainly in establishing contractual partnerships between the Schools and the Development Office to promote and co-ordinate all international activities.

General promotional campaigns in international markets are: publications from JMU to British Council and key institutions, conducting high profile degree ceremonies in Malaysia, and sending representatives to education fairs in Hong Kong. The Marketing and Communications team has produced promotion pamphlets and induction leaflets for international students, such as *Opportunities for International Students at Liverpool John Moores University* and *Pre-Entry Information* for individual academic years. The External Programmes Team works jointly with the Enterprise Team to develop and promote the Summer University programmes which facilitate learning for international students.

For full-time undergraduate markets ('Supplier Specified' quadrants), on the other hand, the Marketing and Communication Team sends out prospectus, posters, videos to prospective secondary schools, colleges and their career advisers. Course leaflets for specific information are sent upon request. Students with standard A-level qualifications go through a central system called UCAS (University and College Admissions Service). Students who fail to meet the grades required by their first choice university go in a clearing system. During this clearing period around August and September, JMU is very active in organising special advertising campaigns in all the selected national papers, having hotlines for answering queries and conducting on-campus interviews. For those who might not have the qualifications (or called students with non-standard qualifications), the University will grant them a place if they can demonstrate having appropriate experiences and/or capabilities at the interview. Another important source of students is the University's partner colleges in its franchise network. The University is consolidating the quality of co-operation,

especially in Engineering and Science, to enhance the flow of non-traditional regionally based students to JMU.

#### **II.4.1.4. Student services and learning experience**

In the UK, new universities are widely perceived as a different category from conventional universities. These previous polytechnics have been known for teaching and vocational approach. As stated by the Head of Marketing and Communications,

*'When we changed from polytechnic to university, we continued to be vocational and to have wider access. We are a mass education institution and grew from 1985 to 1994 from having student body of 13,000 to 20,000. The reality is that high grade A-level student are more likely to go to old universities. We appeal to those students who are convinced that universities produce graduates who are ready to work and are for the job market out there. Market research tells us that the quality of the course will attract students as well.'*

JMU has attempted to develop several areas for enhancing student's learning experience:

1. *The student experience* - There are ten Executive Divisions involved in various administrative and supporting services for academic divisions, and students with an attempt to provide overall quality learning experience to JMU students. The University has consolidated various services, namely Guidance and Progression (including admissions; academic guidance; careers guidance), ICS, Registry, and Student Charter and Advice, into the Division of Student Experience for the purpose of further enhancing student services. In addition, the University provides an enhanced accommodation to support the Division, particularly Counselling, Guidance and Welfare. This central location is in the vicinity of the Students' Union for the convenience of students. Many of these services have already gone on to cyberspace. Students have easy access to information on, for example, Learning Services, the Careers Advisory Service, and Guidance. In

addition, the University has utilised the Development Fund to establish learning resources centres to provide facilities for both social and academic purposes.

Sections relating to student services in the new tabbed prospectus are colourfully designed with detailed description about accommodation, students' union, student support, and a composite of university buildings entitled 'where you will study'. Both students' and alumni's testimonials are incorporated as well. Students' Union at JMU projects itself a high profile in student support. This Union has an Executive Committee comprising 17 elected members of which 6 are sabbaticals who are able to help to run the Union on a full time basis. These full time members, namely the President, a Vice President, a Campaigns Officer, a Student Affairs Officer, a Women's Officer and a Publications Officer, are there to ensure the quality of student support, advice and services. These staff represent students on the Board of Governors and the Academic Board and claim to have kept an open channel of communication with students.

2. *Quality assurance programmes* - The University emphasises quality in many of its publications. By its definition (JMU, 1993a), quality to JMU

*"stresses continuous improvement and seeks to monitor the process in terms of the contributions improvements make to 'excellence in the provision of learning opportunities' and to 'the student experience'."*  
(Section 9.1)

According to the newly appointed Quality and Development Manager who came on board in 1994,

*'get(ting) things right the first time is the concept of quality... A concept of "cost of quality" and "cost of failure" that are associated with quality... I help to improve the management processes for the University as a whole which has impact on the whole teaching and learning process for our students which increases the overall quality of the product in terms of the academic programmes and also the overall student experience, not just what they learn but how they feel about this place.'*



This Manager has just devised a decision tree of quality programmes for JMU when interviewed (as shown in Figure 6-5) was developed by this Manager with the emphasis of senior management as well as responsible units being involved and having consensus before a programme is in place in order to ensure the ownership and co-operation among related units.

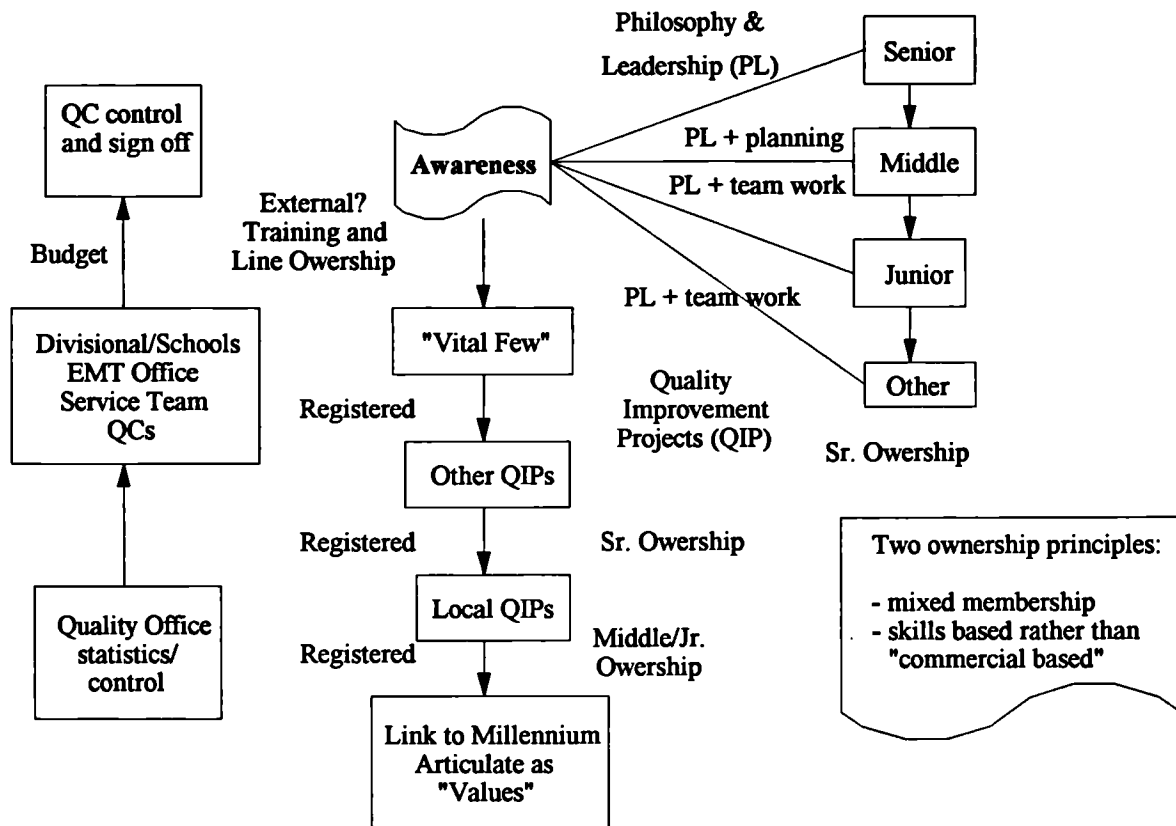
Following the CNAA tradition of validation and review, the University has the Academic Quality and Standard Committee (AQSC) which is responsible to Academic Board for all matters related to quality assurance, quality control, and the maintenance and enhancement of course standards. It works in partnership with the Divisional Academic Review Committees to produce annual monitoring reports. Validation and review are done by individual Divisions under the guidance of a AQSC's framework.

Divisional Academic Review Committee reports in parallel to Divisional Boards which are responsible for advising on the allocation of resources and the discharge of academic policy within the broad remit of Academic Board. As the University has been actively involved in franchise activities,

*"AQSC has assumed responsibility for ensuring that arrangements, liaison and co-ordination are clearly spelt out. AQSC is responsible for ensuring that the franchise college undertakes appropriate self evaluation of quality and that this is fed into the Divisional Academic Review cycle of the appropriate academic division." (ibid., Section 9.6)*

The Board of Governors' Audit Committee, on the other hand, assists the Board and the VC in auditing internal control systems and reviewing organisational and managerial structure as well as various activities in administration. According to their recommendation, for example, development of a computerised information system is in the process of enhancing administrative and management information systems in areas of student admissions, records and management network alliance.

**Figure 6-5 Decision tree of quality programmes for JMU**



3. *Student Charter* - JMU prides itself on being the first university in Britain to have implemented the Student Charter. The person who was involved in quality assurance programmes indicated:

*'The student charter is the articulation of the quality policy of this institution and what we do for the student and in return from the student,'*

the informant continued,

*'...marketing is about transactions and this is the contract between the institution and students. We will do this providing that students keeping their side of the bargain. That is the quality issue.'*

The Head of Student Charter and Advice further elaborated,

*'in most cases students' experience is very different from their expectation, so that they feel disappointed. The Charter is to help the students to have a realistic expectation. For example, we provide nursery for students. But the prospectus is a marketing tool so it does not make it crystal clear. In fact, we only have 50 places... So accepting a place in the university is accepting the terms in the Charter and accepting what the university can do for you. Quality is important to be measured in specific segment of students who have certain expectations and to be measured against that cohort of students. JMU is a widen access university. We provide value-added quality.'*

The team which works on the Student Charter comprises academics, administration staff, technical staff, and students. The Charter is revised annually. Sources of information for the revision are institutional questionnaire, personal contacts, and official complaint procedures which are under development between the Office of Student Charter and Advice and the Quality and Development. A recently established Feedback Unit aims to co-ordinate feedback from all parts of the University and to assist in using the feedback to make improvements. Whilst JMU (1993b)

*"look(s) forward to seeing successive charters produced with more long-term commitments to student welfare,"*

the Students' Union also

*"encourages students to participate in the decision making process of the University and the Union." (ibid., p.13)*

The Union provides training to elected representatives in order to improve their effectiveness and, in turn, contributes to participation in the feedback process and to upholding students' commitments in the Student Charter.

Student Charters have been a controversial issue among higher education institutions in Britain. Academic and/or recruitment staff of many conventional

universities have reservations on what this can do for either students or the institution. Because its major marketing slogan is being a teaching university providing quality student learning experience, JMU is very active in promoting this contractual agreement between the University and its students. One administrator gave an interesting account on this issue,

*'students who go to Oxford or Cambridge, they have top grades and they don't need it from teachers. They are self-motivated to produce their own learning experience which enabled by a group of researchers... If a university takes the best students they should all get best types of the degrees.'*

#### **II.4.1.5. Marketing of graduates**

*'The University concentrates on the students as our clients.'*

According to the Director of Development Office,

*'...recently, there has been a (report) done by the Bank Market that University of Liverpool graduates have a higher employment rate than our graduates. That's something we need to start to do. Our links with business are very good. In the last two years, we have developed links with about 200 businesses. Our student body grew from 7,000 to this year's 20,000. This growth has had very big impact on the city. Our next stage is to market our graduates as JMU's product.'*

The University has a Careers Advisory Service which provides individual careers guidance and group discussions, volumes of careers information, computer assisted careers guidance, and organises careers talks with employers' participation. One particular successful business link is between the Careers Service and a local bargain supermarket called QuickSave. The Director claims that:

*'This year they started to recruit graduates and they will hire JMU graduates exclusively. Because they believe the way for them to gain the profile and get the best people will be to link up with one university.'*

#### II.4.2. Funding councils

JMU has, since its re-designation to university status, had difficulties in meeting the expectations of the Funding Council (HEFCE). The University attained an average rating of 2 in the initial round of its first Research Assessment Selectivity Exercise (JMU, 1993a). But, the funds are subject to a competitive process which commits funds only to high quality projects. In addition, there was a £0.7 million 'clawed back' by the HEFCE due to under-recruitment.

*'Funding has an impact on marketing,'*

commented by one informant whose role is to communicate with the Funding Council.

*'HEFCE is very direct, we are told so many students in such a category... The Funding Council gives us a funding agreement which is a contract... These numbers are assigned based on last year numbers... The government is driving the target.'*

The HESES returns are critical for communicating actual enrolment of home-based students from the University to the Funding Council which in turn determines the target numbers in each funding cell for next academic year. The Recruitment Management Task Force has recognised the fact that the University needs to improve its enrolment procedure internally in order to ensure accurate and timely accrual of student enrolment for the HESES returns. This more robust procedure is crucial for the University to have the ability to take remedial action to adjust for under-recruitment, once the location and the scale of the deviation from the target can be identified long before the submission deadline.

The University has plans for expansion of its student segment each year. However, as the government's policy is at present restrictive towards expansion, there is usually an extensive consultation process being undertaken in order to rein back to the University's initial plan of achieving a higher growth rate of student body. For example, the University planned a 11% increase in total student population from 1992/3 to 1993/4 but later settled with an increase of 4.6% after consulting with the

Funding Council. This reduction of funding as compared to what the University had originally planned for resulted in re-arranging proposed student numbers in various segments. The University may need to adjust for the fees-only component and/or to impose additional efficiency factors within the institution.

HEFCE's reduction of targets since 1993/94 creates another obstacle for the development of ICS. The Executive Director for Equal Opportunities has been given responsibility for establishing targets and performance indicators by school in order to facilitate the negotiation process with the Funding Council for more student places. The University has completed its semesterisation in September 1994 and will make this strategic change of the academic system as a case to argue for HEFCE's approval for a 15% growth in overall full time numbers from 1996 forward. It is a very demanding job for the Head of the Student Data and other personnel concerned to keep an open channel of communication and a healthy relationship between JMU and the Funding Council in order to facilitate mutual understanding which in turn allows the University to plan for the future in accordance with the government policy.

#### **II.4.3. Industry**

Toyne (1994) indicates clearly in his Millennium Vision that the University is to actively develop an "enterprise culture" (Action 5) and it has designated all enterprise activities to be undertaken by, through, or with its subsidiary company, JMU Services Ltd. Accordingly, the Enterprise strategy calls for an increase in JMU Services Ltd turnover of 20% per annum to £1.4m contribution to the University by the Year 2000 with further growth in income earnings from research contracts, franchising and grants from the European Community. The establishment of the Development Office is the University's effort in integrating income generating activities. Teams under this Office work with Schools and Administrative and Supporting Services Divisions in maximising utility of programmes and activities undertaken by these Schools and Divisions.

#### **II.4.3.1. Influences in academic development**

The University continues its polytechnic tradition of offering courses which are vocationally orientated and which enable students directly to join the workforce. Therefore, schools have adopted a variety of strategies to ensure they reflect the needs of local industry and commerce. The Industrial Advisory Committee has been working with a number of Schools to advise on the development of those strategies.

*“Education, Health, Engineering, the Business School, and the Built Environment all maintain strong links through their Advisory Boards with industry. The research and commercial development activities have benefited from the activities of the Research and Enterprise Advisory Group and Industrial Liaison Steering Committee.” (JMU, 1993a, Section 2.5)*

The sandwich element of some of these courses, in particular in the Business, has strong industrial linkage which provides students with valuable practical experience in addition to attaining academic learning.

The Region of Merseyside has been designated Objective One status in the EEC because of its geographical location. The University recognised that

*“this status opens up new opportunities for co-operative community based initiatives especially in training and retraining. The University is determined to become more active in its support of the re-generation strategies.” (ibid.)*

JMU's physical location of being in the inner city of this region provides the University with an opportunity to attain the support from the City as it continues to grow through provision of courses, research, and consultancy services. The External Programmes Team has been working in conjunction with the Schools and relevant Service Teams in building JMU as a learning validation and accreditation centre by promoting the benefits of the accreditation of in-company training locally and internationally. Some successful examples are the validation and accreditation of a Total Quality Leadership programme at the Rover Group Body and Pressings plant at

Swindon, and the development of a Human Resources Development programme with Knowsley Corporation.

For the past few years, this Team has also built a franchise network with local colleges to seek to broaden recruitment to University programmes, although this project could be constrained by the national policy of consolidation of growth in higher education. The development of two International Foundation courses, one internally with Engineering, Built Environment, and Business and Accountancy whilst the other one externally with a private college, has led to the recognition of a level O within the ICS framework. The University has also further developed its provision to complement the Merseyside Open College Federation (MOCF) provision of Access courses.

#### **II.4.3.2. Income generating activities**

JMU Services Ltd. has been the University company for business operations. When the University started to venture into bidding for UK and EEC non-research funding in 1992 the Enterprise Team was established to include both JMU Services Ltd. and Industrial Liaison Office and to co-ordinate all income generating activities other than core funding and fund-raising (JMU, 1993b). In 1993/94 core business activities produced a turnover of £1.15m and resulted in an income of £400k for the University. After being re-grouped under the purview of Development Office since April 1994, it continues its aim of maximising the income generated for the University through commercial activities but concentrates more on cultivating entrepreneurship by assisting Schools to identify and exploit commercial opportunities. Many of the proposed activities require the co-operation of individual Schools in order for them to be successful. Examples are developing network of School commercial representatives, establishing commercial centres run on small business lines in each division (e.g. Technology Transfer Centre), establishing and promoting JMU's 'one-stop-shop' for business contracts, producing a comprehensive database of the staff skills and capabilities, maximising the return from existing pump-priming funds, promoting continuing vocational education (CVE) in partnership with Schools,



bidding for support funding (e.g. the HEFCE, CVE initiative) and establishing new businesses, e.g. merchandising, the Summer University, multi-media products and clinical trials manufacturing. The Team also aims to develop relationship with business support agencies locally and regionally.

#### **II.4.4. Donors**

The Development Office is the University's central organisation responsible for planning, co-ordinating, and supporting all fund-raising activities. One senior administrator indicated:

*'We have done fund raising in a co-ordinated fashion in the past five years. The Trust Office was established in 1991 in an attempt to centralise the fund raising function... We (still) don't have a formal group to do marketing or public relations functions of that within the Trust Office.'*

The Director of this Office is supported by a Corporations and Campaign Co-ordinator who in turn works with JMU Trusts and Foundations and Research. This Trusts and Foundations and Research collaborates with Faculty Development, Alumni and Administration, Donor Relations and Gift Policy, and Database Development.

The JMU Trust has been one of the major agencies sourcing 'non-standard' revenues for supporting initiatives for the University's survival and further development. The establishment of the Aldham Robarts Learning Resource Centre is a very good example. The JMU Trust was launched in 1991 and has since (up to 1994) raised over £1.4 million in support for a variety of projects and programmes. In 1994, among other sources, this Trust obtained funds from the European Social Fund to support a range of vocational education programmes and from Merseyside TEC to support the Training for Work programme. Other than fund-raising, 'friend-raising' for the University has become an important and regular activity of the Trust greatly assisted by the active participation of the Trustees.

The Development Funding Team under the leadership of the Director of the Development Office has identified some major aims for its future activities:

- develop strategic alliances with local and national individuals and businesses,
- maintain, service and expand the JMU Trust, and
- bid for funding from local, national and European sources.

In view of the University's vision for the year 2000, a Millennium Development Campaign is to be developed aimed at assisting the University to achieve its major objectives, namely enrolling 25,000 students by the year 2000, becoming the market leader in vocational education, being recognised as the leading university in the development of new methods of educational delivery, and becoming a leading national and international university (JMU Trust, 1994). The Trust Office worked jointly with the Development Office and proposed the document for this Millennium Development Campaign for the Governors' and Trustees' review and approval. The ultimate objectives for this campaign are to raise the 'working objective' of £6 million; to create a fund-raising culture throughout the University; to raise the profile of the University regionally and nationally; and to act as a catalyst for change within the University.

Indicated in this document, the Trust sponsors and conducts the campaign with the existing Task Group providing the initial leadership. All Trustees are encouraged to play a role by supporting the campaign, assisting with prospect identification, or serving on one of the Project Task Groups. The document also proposes an organisational structure which is compiled as in Figure 6-6 and clarifies institutional development campaign policies and donor relations plans, including donor care and recognition. The University Co-ordinating Group is appointed by the Vice Chancellor and includes representatives from selected Schools and Divisions with the Director of Development Office serving as the Chair. This Group functions as a gatekeeper for the Trust with regard to gift screening and designation. It also reviews all requests for exceptions to the general policy. This Development Campaign involves a massive

public relations exercise. Therefore, the University's Marketing and Communications programmes are pivotal for formation of attitudes regarding JMU and this Campaign.

The Marketing and Communication Team is responsible for building good rapport with local and regional media so as to attain almost daily media coverage on the University's functions, activities, and research implications on newspaper, radio or television.

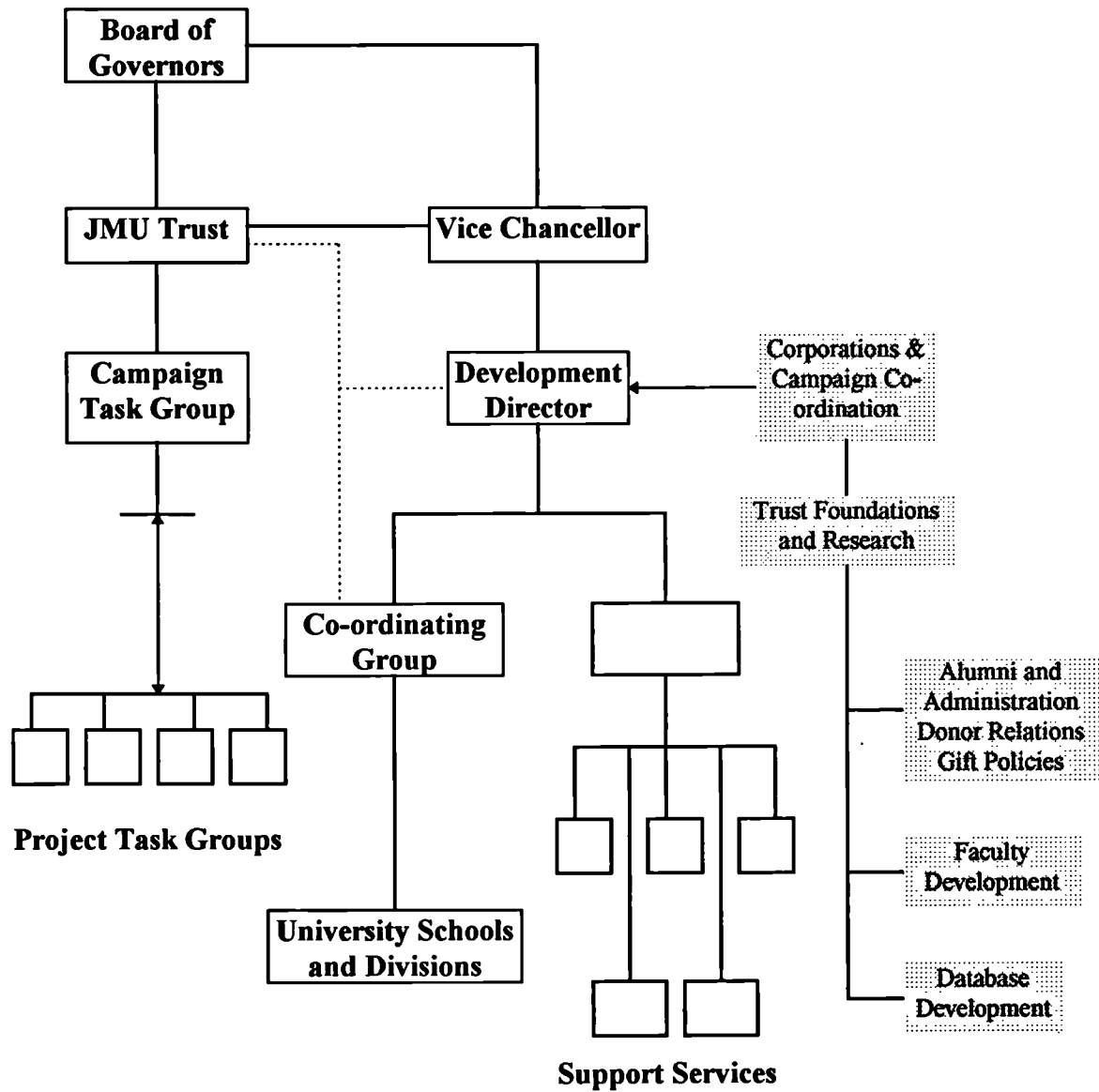
*'These channel information either from the School to us or we hear something about some research going on,'*

as indicated by the Head of the Team,

*'it's not easy to get information from individual Schools or Faculties. Because we don't have a centralised system, i.e. the schools are all decentralised, it always has some kind of conflict of interest for some reason or other. But the corner stone of any communications policy has to be that you have to build relationships with Schools and with your sources of information.'*

As the Team's primary aim is to maximise awareness of JMU's mission and facilities, external communications, public relations and liaison with the press have dominated routines of the Team. For the Millennium Development Campaign, the Team will publish the Development Campaign Case Statement, individual case statements for component campaigns and audio-visual presentations for key elements of the Campaign. Alumni Office is another key element in the Development Campaign. It is important that a system of communications be developed to keep the Campaign Office informed regarding influential and emerging alumni. Likewise, alumni should also be properly informed about the Campaign objectives.

**Figure 6-6 Organisation for development campaign at JMU**



The Central Management of the University recognises that Merseyside's Objective One status in the EEC should create opportunities for co-operative community based initiatives and plans to capitalise on these new opportunities. The Editor (1993) of *Insight*, a JMU publication, indicates that higher education has generated tremendous wealth for Liverpool and Merseyside. For example, direct spending by students and employees has amounted to £260 million in 1991/92. JMU's Development Trust initiated the idea of designating education as one of the prime business activities of the City of Liverpool. The City Council then supported "City of Learning Forum" which was chaired by the City's Chief Executive with a membership of leaders of the business and educational communities of the City. JMU has participated and hosted various events to promote this concept and undertaken various activities to formulate an implementation plan for the project. Consequently, many of JMU's development projects have gained broad media coverage which helps to raise the public's awareness of the University's achievements and in turn build up its corporate image. Again, Marketing and Communications Team overlooks the quality of JMU's publications that are delivered to those participants in these campaign activities.

### **III. Case Study Summary**

Liverpool John Moores University, when re-designated to university status, has completed the integration of its broad spectrum of disciplines and institutions. From the beginning of this new era as a university. JMU has been very active in adopting marketing strategies from a business-orientation to a university setting. Central Management has planned a number of programmes to improve accessibility and quality assurance procedures for services provided in the 'consumer' and 'customer' quadrants of the taxonomy of M.A.P. The University has undertaken aggressive networking and promotional strategies.

Central Management attempted to institute frame-breaking changes with a top-down approach. It established a formal marketing organisational structure, the Development Office in April 1994 to facilitate the institutional reform. This Office

has been involved in assisting the strategic development of the University from a completely devolved academic structure to a more centrally controlled one. It also was given the responsibility of nurturing 'market-oriented enterprise culture' and 'entrepreneurship' by collaborating with Schools and administration and support of services Divisions in various commercial activities. This change of managerial philosophy and direction has resulted in internal tension between staff from two ends of the spectrum, that is academicism as opposed to consumerism. Academic staff consider marketing as a tool for promoting low-demand courses in order to fulfil the requirement of the Funding Council. Whereas marketing staff advocate the importance of business-like operations in a university by determining corporate vision from the central and infiltrate this culture through collaboration of the marketing office with academic Schools.

The findings of the case study seem to indicate that it will take further effort and more time to build mutual trust and respect in order to truly integrate Academic Divisions, Support and Services Divisions and Development Office as the Vice Chancellor intended. Of course, it depends on Central Management's inspiration as to what position the University takes. The resulting strategic plans, however, require support from both academic and administrative staff. How to cultivate institutional entrepreneurial enterprise culture and ownership of the programmes among internal stakeholders becomes a challenge to Central Management.

## **CHAPTER 7 THE UNIVERSITY OF HONG KONG**

The University of Hong Kong (HKU) has since its foundation in 1911 been one of the leading universities producing graduates for various professions and civil services in Hong Kong. Many of its alumni hold prominent posts in the Government and various walks of life in the society. Since 1986, it has evolved from being mainly a teaching university for undergraduates to a research oriented university with growing population in the postgraduate segment. With rapid expansion of higher education in Hong Kong since 1989 and more universities coming under the purview of the University Grants Committee (UGC), this former flagship of Hong Kong's tertiary education is facing unprecedented competition for quality students, staff and resources. The major objective of this case study of HKU is to understand the implication of its recent adoption of a market-orientation in its operation and strategic planning on the basis of the University's historical background. A number of important events have occurred after the current Vice Chancellor took office in 1996. Although it is beyond the period of research for this project, some references will be made to the relevant elements of its history.

### **I. Historical Background**

The University of Hong Kong was first incorporated in Hong Kong on the 31st March 1911 and started student enrolment to two founding Faculties of Medicine and Engineering in September of the following year. The organisation of teaching and management of this University was mainly modelled on the British civic universities established in Leeds, Liverpool, Birmingham and Sheffield round the turn of the century (Mellor, 1980). The initial object for HKU was to assume the responsibility of providing students in both Hong Kong and China a university education with English as the medium of instruction. Its subsidiary object was to provide education to those from other areas in Asia where there were Chinese communities. After the

border between Hong Kong and China was closed in 1953, only those Hong Kong people with academic and professional qualifications had much possibility of travelling around the world. Student places in HKU became scarce and competitive because of this need for personal mobility as well as the rising labour market demand for better qualified professionals resulting from economic development. Keen competition pushed the standard of entry much higher even with the number enrolled twice that of before the war. The financial need in capital and recurrent funds increased as a result of the expanded student body. The University first announced its policy of reducing the duration of university education from four to three years and instituted an honours classification in 1951. Bernard Mellor (1980) argued for this policy in his account of the University's informal history that the University

*“would thereby bring itself into line with the more advanced Commonwealth countries... (and) be able to expand its intake and therefore its output of graduates by a little under one-third at no significantly extra cost...The honours classification would be a clear indicator of the academic standing of each graduate for the use of potential employers...It was an exercise... (of) cost-effectiveness, tackled at a time of the greatest moment.” (p.118)*

The University later in 1955 imposed entry quotas in all faculties in order to stabilise the enrolment at about 1,000 students by 1958. This halt to uncontrolled expansion had inevitably caused even more fierce competition in the higher education community. Hence, thereafter,

*“the essential elements in the future development of the University would be designed to meet the needs of Hong Kong itself, and no longer with direct regard to those of its neighbour.” (ibid., p.126)*

Since its foundation, HKU had been under close supervision of the government. The Ordinance and the Statutes emerged in 1939 attempted to bring the University more in line with constitutional developments elsewhere in the academic world. Basically, HKU has been autonomous in real terms, such as being able to decide on degree programmes planning, staff and student selection, and having full discretion in the use of its funds within the limits set out in its Ordinance.



## **II. Marketing audit of the University**

In October 1989, the Government announced plans for a rapid expansion of higher education in the 1990s. HKU has since been exposed to a unprecedented competitive environment wherein two new higher education institutions, namely Hong Kong University of Science and Technology and City Polytechnic of Hong Kong, came under the Grants Committee's purview in 1991. They compete not only for public funds but also for quality students and staff. In the past, HKU did not need to do much to attract quality students when the higher education system in Hong Kong was very elitist.

*'Since 1991, there was more pressure on recruiting best students',*  
according to a senior academic member,

*'and the biggest change in these few years is the need for "client awareness" and "client consciousness"... In the past, we didn't have to do anything, students came to us. Now, we need to consider publication factor, incentive factor, efficiency measures, and etc.'*

The climate is becoming increasingly turbulent as polytechnics and colleges are being re-designated to the university status and are eligible to compete for the research grants. Market-oriented activities of the University have therefore been more evident since the beginning of the 1990s.

### **II.1. Market Orientation**

When more higher education institutions joined in the higher education arena of Hong Kong in 1991, the then VC, by expecting keener competition, was concerned about HKU's image in the eyes of the general public. The University invited a consultancy company, Hill and Knowlton, to evaluate the university's image issue. Upon the consultant's recommendation, the University became more forthright in its public

relations activities institution-wide in order to present a more visible position. The Public Relations Office (PRO) and Committee on the Ninth Decade and Beyond were emerged to hold a highly publicised celebration of HKU's 80th Anniversary. In addition to conventional presentations and panel discussion participated by distinguished scholars from various disciplines, the University presented in the last stage of this event an "Expo 2001" at the Hong Kong Convention and Exhibition Centre as its "exudes from the ivory tower". A large number of exhibitors who were charged to participate in this exhibition. HKU launched for the first time its official mission statement at its Booth in that Expo (HKU, 1994):

*"Since its foundation in 1911, the University of Hong Kong has given unparalleled service to Hong Kong and the region, drawing on the great cultural traditions of China and the West. We shall strive to continue to offer the highest standards of teaching, research and scholarship as practised in the wider, international academic community, in an environment conducive to creativity, learning and to freedom of thought, enquiry and expression.*

*We shall continue to produce graduates who are equipped to contribute to the intellectual, social, political, moral and material development of the societies in which they are to live; and who recognise that the development of contemporary societies reflects diversity alongside consensus and acknowledgement of the past as well as concern for innovation.*

*We shall continue to undertake research, consultancy and other forms of service to the local and regional communities which will enrich our teaching and advance our quest for wisdom and truth.*

*We shall make our mission known in Hong Kong and internationally." (p.3)*

HKU continued this momentum and changed the editorial and presentation of its official publications to become a style with bigger prints of text and more graphic designs. The title of the University's annual report changed from *The Vice Chancellor's Report* to *Annual Report* for the 1992-1993 issue. This title change reflects a shift of target audience from the Court to the community at large. Another significant revision for this issue was to replace "individual faculties' reports" with integrated information on more general topics. This publication was later retitled again *The Review* for the issue of 1993-94. Its overall presentation becomes even

more colourful with more idiomatic expressions in rhetoric. Presentation of all the other official documents was modified as well. As many other institutions, the University has gone on-line and graphically designed this channel of communication to project HKU's image of being a 'leading teaching and research institution'. However, a member of Central Management indicated:

*'It's not that critical for HKU as yet to get on the bandwagon of promoting itself. Since everybody else is doing it, we should also keep ourselves visible... Today, students select course more importantly than institution. The sequence is institution first, then the course, then the ones get promoted the most.'*

When Professor Cheng Yiu-Chung took office as Vice Chancellor in 1996, he brought with him a stronger conviction of market-oriented philosophy for HKU to meet keener competition and future market needs in Hong Kong and China at large. He indicates that

*"HKU should charge itself to be the leading university producing leaders for both Hong Kong and China. It is therefore HKU's obligation to strive for excellence in cultivation of graduates and exploration of new horizons in research... In light of the challenges Hong Kong faces when its sovereignty is transferred back to China and beyond, HKU needs to position itself strategically in order to participate in Hong Kong's future development. In terms of expanding the knowledge of humanity, sciences, and medicine, HKU should continue its leading role in establishing frame-breaking standards." (Editorial, 1996)*

As to who determines positioning for the University, one senior administrator commented:

*'Decision body for positioning is not that clear cut. Positioning is in fact a marketing jargon. From the marketing angle, we hope to... answer to or create the market demand in the face of competition. But, from the university's management angle, it is not purely from the marketing angle, rather from the academic and/or educational point of view. They have to face the reality of competition from seven Hong Kong universities and over 1,000 PRC universities. How to position HKU in this market in order to maintain its position is important. Although academics do not use marketing terminology as such, when analysing situation in, for instance,*

*ADC meetings, they tend to talk about what other people's strengths are and etc. which are in fact marketing concept. Now, it's really marketing games.'*

## **II.2. Marketing Organisation**

The collegial system in HKU allows several cabinets be in charge of varying aspects of the institutional strategic direction as well as policy initiation and formulation. According to a senior administrator,

*'There are several cabinets. The smallest is the one composed of VC, PRO VCs, and two senior administrator. A bigger core would include deans (GPC). New VC Cheng does bring in some changes like the leadership of the senior management which is very strong.'*

Members of Central Management meet informally and generates idea during their regular gatherings. General Purposes Committee (GPC) and Academic Development Committee (ADC) function as advisory committees to the VC from both strategic planning and academic perspectives, respectively. GPC functions as a 'senior management team'. And, according to one senior academic member,

*'... (and) determines priorities for new programme development institution-wide. Although it does not manage resources, its decisions have resources implications even with the devolved resources management system. GPC also generates main administration codes of practice that have implications on the quality of services provided in overall university life.'*

Since the beginning of the 1990s, HKU has undertaken a series of steps to evaluate its operations and structures in response to the more competitive market of higher education in Hong Kong. During 1991-1992, the Council created a committee called "the Ninth Decade and Beyond" with Mr. David Lee, a banking tycoon in Hong Kong, in its chair. Its members include the Vice Chancellor, one or two PRO VCs, one or two appointed professors, Director of External Relations (DER), and other lay members from the Council, alumni associations, and the industry. This Committee was instrumental in planning for the 80th Anniversary and has been so in the

University's image promotion as an advisory body to the University. Regular meetings are held once every two months. The main directions for the strategic planning of external relations and fund-raising are initiated from this group with collaboration of other groups. One of the Pro Vice Chancellors acts as a Special Assistant to the Vice Chancellor on these matters.

The External Relations Office (ERO) emerged from the previous Information Office in 1992 upon the external consultant's recommendation. The marketing organisation of HKU has since evolved from an invisible hand to a substantive office which integrates mainly public relations and fund-raising activities. This Office, as part of the University's administrative structure, was specifically designated for handling promotion related matters, mainly in the areas of public relations, promotion, fund-raising and image building (referred to Figure 7-1).

*"We are planning to go out and make friends, with the media, with patrons and donors, and with our own graduates,"*

said the Director when interviewed as the newly appointed director of ERO (Hughes, 1992). Later, the Director indicated in the interview that,

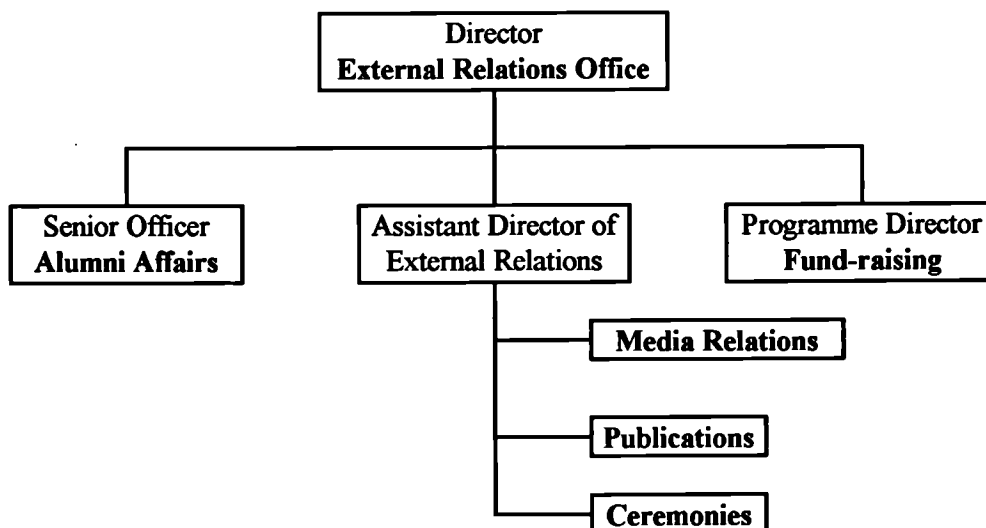
*'generally, the ERO staff and myself approaches individual Faculties through informal channels or even formal ones by attending their meetings to work out an institution-wide promotional strategy and prioritise activities. One example is the integration of open days among Faculties to avoid time conflict and duplication of efforts.'*

Recently, the marketing activities of services offices have also become more active as these offices attempt to be profit centres instead of simply cost centres after implementation of the one-line budget.

Offices of Media Relations (OMR), Ceremonies (OC), and Publications (OP) under the ERO Deputy Director's auspices conduct functions for building external relations. The OMR acts as a liaison between internal stakeholders and external media. The University has since 1993 had more media exposures and many of the news releases have tried to reflect teaching and research achievements. Others are interviews of its Vice Chancellors, renowned scholars, and activities, all of which are helpful in

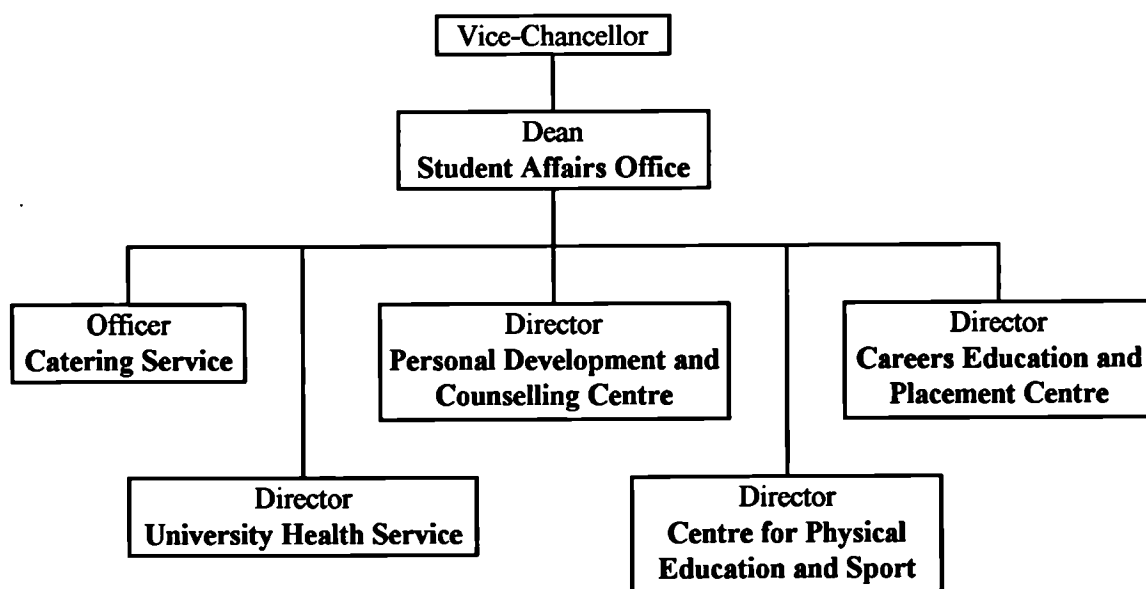
building the University's corporate image. The OMR takes care of news clippings and their classification. The OC oversees all logistics for various ceremonies taken place at or on behalf of the University, such as commencement, building opening, foundation stone laying, cheque (from donors) presentation, distinguished lectures, and etc. Of course, it collaborates with the OMR to capitalise on the publicity of each event. Printing, on the other hand, is more diversified at the University. The OP under ERO is different from the University-wide Publications Unit and Printing Office under the Registry. The latter two produce official publication and committee papers. This OP mainly produces information for and on *ad hoc* publicity activities of the University. It also produces attractive brochures for individual donors as desired. Two foundations, namely the University of Hong Kong Foundation for Educational Development and Research which is a limited company and the Friends of the University of Hong Kong were established with ERO acting as their Secretariat to assist in fund-raising programme planning and execution.

**Figure 7-1 Marketing structure of HKU**



In addition to the structural change for fund-raising and external relations, the University also established other offices for managing matters relating to its target customers. A new Deputy Vice Chancellor's post was instituted for overseeing postgraduate programmes and fostering research links between teaching departments and industry. The Senate established both the School of Research Studies and the University Research Committee for building the University's postgraduate studies. Services to the students, on the other hand, are centralised and integrated under the Student Affairs Office (see Figure 7-2). The Dean of this Office reports directly to the Vice Chancellor. He overlooks offices which provide services to both students and staff for enriching their university life in general. Although there is no official channel for intelligence generation and dissemination, the conventional collegial model of university management facilitates exchange of information and ideas. Due to its historical linkage with the Hong Kong Government, remarked one member of the middle level management,

**Figure 7-2 Market-oriented structure for student services at HKU**



*'it (the University) has a centralised filing system which is under the Registrar's purview. This is a unique system, as compared to other universities in Hong Kong, facilitates the flow of information.'*

### **II.3. Internal Marketing**

HKU has, since the era of Vice Chancellor Kenneth Robinson, been managed with an autonomous collegial system. Although Central Management initiates strategic directions for the University and oversees policy formulation accordingly, several committees, which function as cabinets for the Vice Chancellor, are involved in cultivating institutional market orientation at HKU. One senior administrator indicated:

*'Management would really like all the units in the university to be serious about marketing, image, packaging, and active and proactive in recruiting teachers and students, fund raising and net work with graduates. Central Management has encouraged this all along, mainly through nine deans rather than sixty plus department heads.'*

It is, commented by the same informant, the fact of university management that,

*'it is difficult for all Deans to agree on one issue. They all have different vested interests or conflict of interest. It is difficult to have the entire university reach unity and the common goal to overcome the competitors. Even within a Faculty, there might be different opinions across departments.'*

The Vice Chancellor and/or members of his appointed committees propose visions and missions for the University. Ideas are then forwarded to GPC for its endorsement which is followed by the Senate's approval. Since the beginning of the rapid expansion of higher education in the early 1990s, HKU has had a number of policies promulgated to strive for remaining as the market leader in the unprecedented competitive environment.

#### **II.3.1. Encouraging intrapreneurship university-wide**

HKU used to allocate centrally the recurrent grant from the Grants Committee to teaching departments in the form of a staff posts establishment. In 1992, the Vice



Chancellor instituted a more devolved system of faculty-based block cash grants calculated on the basis principally of student unit costs. Individual Faculties in turn determine how to deploy the allocated block grant among its subordinated departments and their programmes. Each department is accountable for their programme planning. This devolved resources management system was established to allow departments to respond to changing market demands more efficiently.

The Grants Committee later in 1994 devolved the authority of academic programme planning to the institutional level (HKU, 1994). It decides to subsidise only HK\$50,000 per student and in the meantime expects those institutions to bear their own profit-and-loss. HKU is therefore compelled to become not only market-oriented in planning academic programmes but, most importantly, more conscious about cost-effectiveness of their operation. Some programmes have been discontinued due to their excessive deficits, such as Master's of Transportation Science. In the meantime, academic departments have taken the initiative to propose a number of new programmes after identifying the demand from the market. The University currently offers a number of courses for mainly professional fields, such as Estate Management, Nursing, Radiology, Surveying, Earth Science, Education, and Financial Management. The Department of Journalism is collaborating with Fudan University in Shanghai to develop a new course to meet the needs of the media industry. Some of the pure science subjects of physics and mathematics in the Faculty of Science have experienced difficulties in attracting the best qualified students. The Faculty launched the theme of Computational Mathematics and Operations Research in 1995 to rectify this trend. This theme focuses on both the mathematical and the practical aspects of transportation, construction, production, management, foreign exchange, investment and the service sector. It draws on inter-disciplinary teaching contributions from the departments of Statistics, Management Studies, and Computer Science. Bachelor of Science in Actuarial Science is another new programme which has since 1994 recruited intakes with high standard of matriculation. These programmes are established to answer the contemporary market demand for managerial manpower who have the expertise in both areas of technology and management.

As higher education in Hong Kong has always been emphasising its contribution to the national economic development and to meet demand of the labour market, faculties at HKU in general are proactive in developing programmes in accordance with the government's aspirations. One senior academic member said:

*'To help Hong Kong's industries go "high-tech" and be competitive, the Industry and Technology Development Council recently introduced an "Industry Support Fund" (ISF) to tap into the technological expertise in the local universities. This new source of funding provided the impetus for us to re-examine ourselves in regard to our research directions and applied research potentials... Two new Bsc degree programmes in Biotechnology and Food-Nutritional Science were introduced in 1990 and jointly run by the Department of Botany and Zoology. To encourage inter-departmental joint research, the two departments then set up a Genome Centre and a Food and Nutritional Resource Centre which have been incorporated into the HKU Foundation Centres of Research Excellence.'*

### **II.3.2. Impetus for organisational renewal**

As indicated in Section I, HKU was initially established for the purpose of producing intellectuals for both the territory and the region at large. Under the government's later inspiration for providing graduates to meet demand of the labour force, the University has devoted most of its resources and efforts in developing itself to be a leading teaching institution. In consideration of Hong Kong's manpower needs, the Funding Council indicated to HKU in the late 1980s the important role the University played in expanding its postgraduate research student segment. The Vice Chancellor indicates in *1991-92 Annual Report* (Wang, 1992) the University's goal of cultivating an institutional research culture. The internal research grants committee sets aside a modest sum each year for which new members can apply. In 1995-96 alone, 23 projects have been funded in this way. This scheme seeks to encourage junior staff to undertake research, to help them to improve their research capability as well as track record whereby they would be in a better position to compete for external research funds. As shared by a junior academic member,

*'working at HKU now can be very competitive. We are under a great deal of pressure to produce research outputs, although there are some veterans who are not used to do research. After all, Hong Kong universities were not good at research in the past.'*

The University promotes and also financially supports novel research ideas, particularly inter-disciplinary or inter-institutional ones. Similar to other universities in Hong Kong, this University has devoted efforts in establishing networks with similar organisations in North America, Europe, Australia, South East Asia and especially in China.

"Lifelong learning" is becoming an important purpose for higher education when trained professionals are needed for a transitional economy. There is a market demand for in-service educational programmes when Hong Kong is in a transitional period from manufacturing to services. By recognising this demand, HKU replaced the Department of Extramural Studies (DES) with a new School of Professional and Continuing Education (SPACE) in 1992. This strategic move was to expand DES' activities into the developing areas of part-time, adult learning with closer links to the University's 'mainstream' Faculties. For example, SPACE collaborates with the Faculty of Medicine to offer a Bachelor of Science in Nursing Studies. This programme targets local in-service nurses with the objective of developing further their professional competencies and skills within the context of the Hong Kong health care system. Although this arrangement may answer the market demand, it seems to have given rise to inter-departmental tension. One of its staff members stated:

*'It has a lot of uncertainties for us right now. SPACE has been very successful in managing continuing education programmes. Central Management wants us to work with faculties to offer degree programmes... It is not that beneficial to us. Now, faculty members don't get extra pay for teaching this kind of programmes. We have difficulties in finding people to teach. They all are very busy with research... The worry we have is that right now they are using our expertise in starting the programme. Maybe when the faculty can run the programme smoothly, or when the programme is successful it would kick us out.'*

The University Grants Committee announced in 1996 a budget cut for the 1998-2001 triennium. Vice Chancellor Cheng attempted to pre-empt the impact of the actual contraction of the public fund by imposing a 7% (later 5% was actualised) budget cut across the board immediately after taking the office in 1996. This saving would go to a central pool for academic departments to bid with best initiatives for future developments. One third of this 5% saved would later be re-allocated back to the respective Faculties for their departments to bid for. The remaining two thirds was then reserved for the University as a whole to use in areas requiring development. This policy sends out a strong message to the staff with regard to efficient use of resources and accountability of staff.

Moreover, an outside consultancy company is currently examining the University's administrative operations and seeking ways to improve their efficiency and productivity in order to achieve savings. Evaluation of mechanisms for ensuring both teaching and research quality will follow afterwards (Ma, 1996). These aggressive market-oriented programmes have inevitably created tension among existing staff, particularly those who have enjoyed a high level of autonomy and lavish financial support from the Funding Council in the past. The following remarks from a senior academic member and a middle level administrator, respectively provide an example for some of the responses to the strong leadership of this VC:

*'In the past, HKU was quite autonomous as far as how programmes are planned... Now, the new VC gives directions as to how the university should be developed. The new VC has his own vision. These visions may not be long-term though. For example, once he came on board, he proposed a 7% cut... Most people are not used to this cut, and eventually it was a 5% cut... So managerialism is very overt in the university after the new VC came on board. It's good but if too much the academic freedom will be in jeopardy.'*

*'There is a contraction in funding at HKU. No replacement of the vacant posts. Once there is a staff leaving, the workload would be allocated to others. We are under more pressure nowadays. Things are changing here.'*

### II.3.3. Toward 'frame-breaking changes'

Vice Chancellor Cheng Yiu-Chung has brought in a strong leadership of Central Management whereby management of some of the University's activities are being more centralised. One of the members of Central Management indicated:

*'Each department and/or faculty list their needs and request for funding from Central. The VC with his committee deploy resources according to the priority of the University and allocate the money to approved requests. Now we use "one-line budget"... MIS provides information on how departments deploy their resources... There are representatives from Finance Office Resources Liaison Group look at deployment of resources with Faculty.'*

One senior administrator remarked:

*'(This) excessively devolved structure might create unexpected hurdles for the Vice Chancellor to exert influence, particularly when he attempts to mobilise the entire university to achieve unified goals and vision for future development.'*

HKU has since its foundation been under a strong British influence. Starting from VC Wong's era, HKU has been in transition to an international university. According to the same informant,

*'this involves positioning issue... 97 is looming in, should HKU be one of the Chinese universities or it should be differentiated from them. One of the major strategy is to continue English as the teaching medium because this is HKU's competitive edge. Therefore, HKU has the highest requirement of English... for admission. This sometimes limit our student recruitment.'*

The University is in the process of implementing a credit unit system to encourage flexibility in integrating courses to meet individual students' career aims.

Improving community access to education is "an issue of critical importance" to HKU (Wang, 1995). The University charges itself to

*"continue to explore its unique forte as an internationalised institution of higher learning." (Cheng, 1996)*

The University is therefore planning to establish an “outreach campus” overseas by collaborating with leading universities around the world under the HKU World-wide scheme as the first stage of this development. The University is in the process of developing Internet supported special links with China, Japan, the United States, Canada, the United Kingdom, France, Germany and Australia in order to establish outreach campuses in or near leading universities outside Hong Kong. These physical links are established to prepare the University’s undergraduates to become future leaders with a global perspective. These students will have the opportunity to experience the very best in education outside Hong Kong for a maximum duration of one academic year. Also, with proper funding, these links will facilitate joint research ventures and exchange of teachers and researchers.

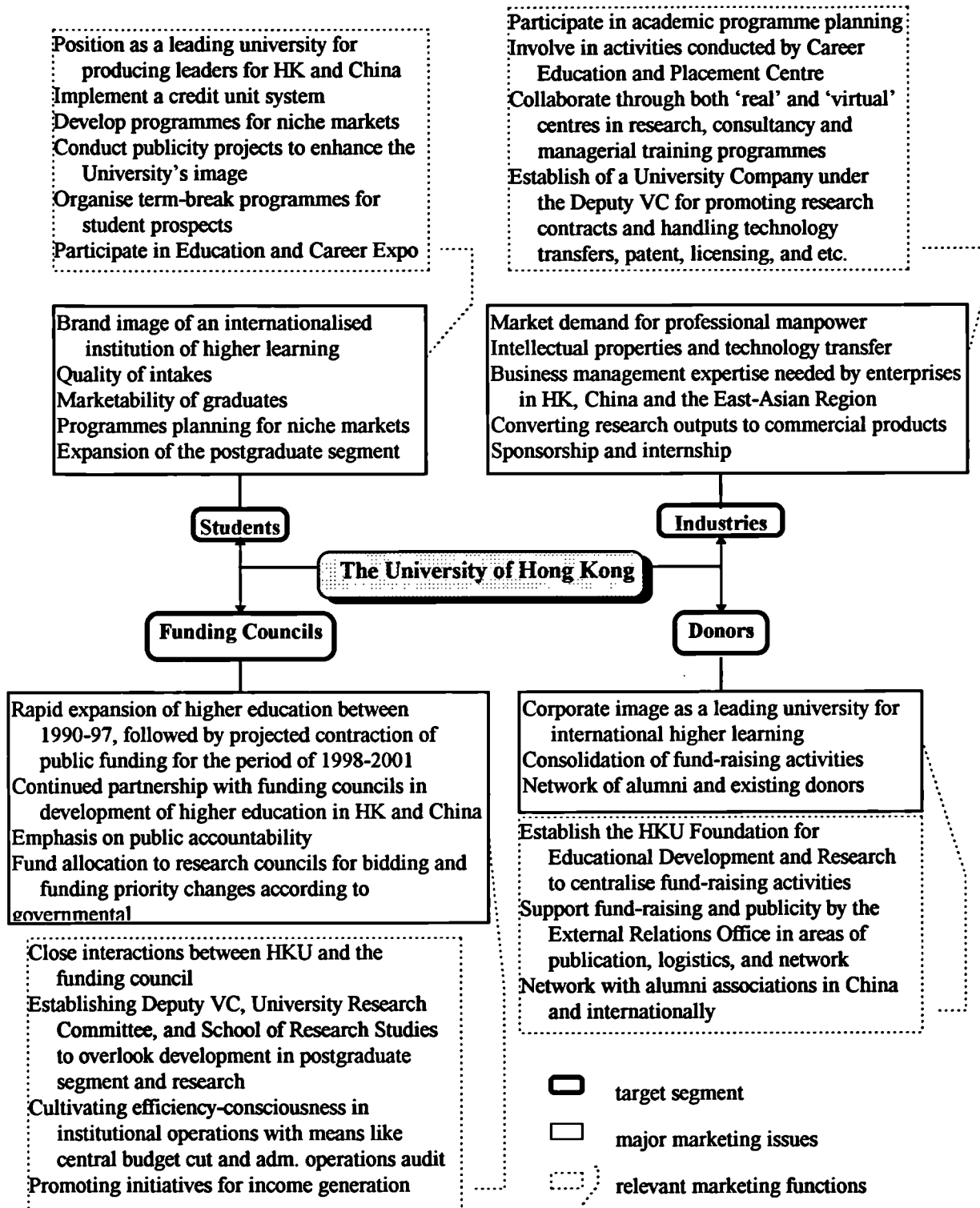
#### **II.4. External Marketing**

Figure 7-3 delineates major issues for each target segment of HKU and the relevant marketing functions taken place in these segments. When discussing marketing higher education institutions to customers, one needs to identify what ‘products’ should be marketed to which target customers. As mentioned in Chapter Three, students, industries, funding councils, and donors are the major categories of customers for higher education institutions.

##### **II.4.1. Students**

HKU has been the flagship for higher education in Hong Kong due to the historical reasons mentioned in the first Section of this Chapter. Prior to the expansion of higher education in the 1990’s, HKU basically monopolised the market and operated in the quadrant of “Apprentice” (referenced to the framework depicted in Figure 3-2).

**Figure 7-3 External marketing for HKU**



With minimal efforts in promoting itself, the University was able to recruit the best students from secondary schools and produced graduates who had later been the elite class in the civil service, education, and businesses of Hong Kong. Faculty members enjoyed a high level of autonomy in planning their courses anyway they reckoned would be the best for their students.

However, remarked one member of Central Management

*'from 1989 to present, range of quality becomes wider. In the past, all the students were the cream of the crop. They were self-motivating. Today, standards of students vary within a class.'*

Consequently, the University has to formulate a variety of strategies for competing with rival universities in the quadrant of "Client". In the 'Supplier-Specified' quadrant, HKU has planned programmes to ensure its quality of input, process, and output of the "production process of graduates" for the labour market (refer to Figure 7-4).

#### **II.4.1.1. Marketing functions in the "Suppliers-Specified" quadrants**

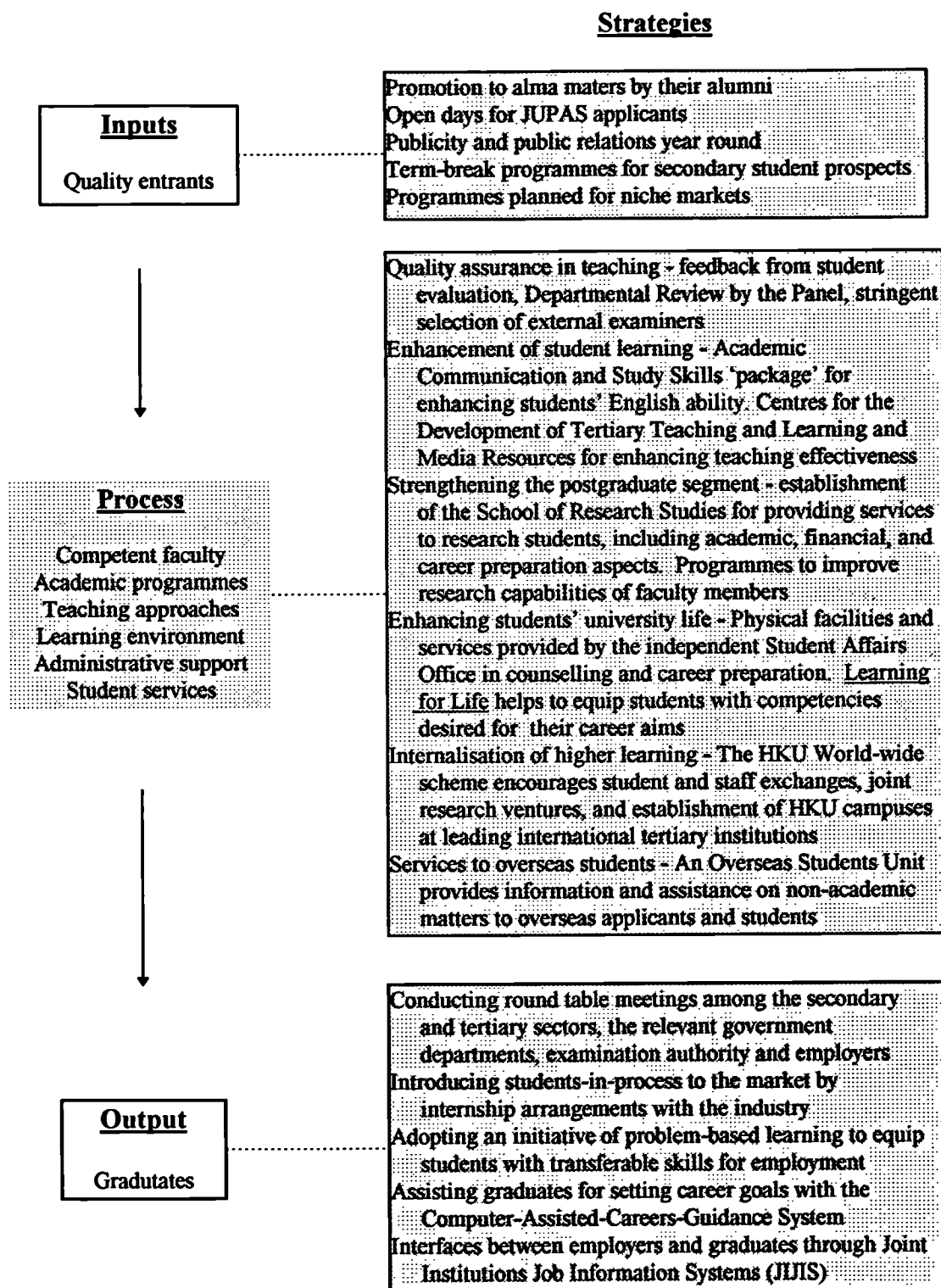
Although the University has not experienced difficulties in recruiting students for its programmes there are concerns about the quality of its intakes. A member of Central Management indicated:

*'Today, students consider courses with future career prospects more than they used to. The selection sequence is institution first, then the course, and then the ones that are promoted the most, as more competitive programmes are available in the market and some basic science subjects have lower market demand, individual departments and the University as a whole have undertaken projects to attract the best qualified students to their programmes.'*

Many HKU students come from well-known secondary schools. Some strong alumni associations of these leading secondary schools may visit their alma maters and promote their respective disciplines to the secondary students.



Figure 7-4 The production process of graduates at HKU



Other promotion activities for student recruitment are school visits, publications, recruitment talks, open days, open departments, customer services, and hands-on experiences provided by some of the departments. For example, the Faculty of Medicine has started a term-break programme of 'experiencing the medical profession' since the Christmas break of 1992 (Yeung, 1993). The Faculty invites Principals of secondary schools to recommend students to participate in this programme that has received positive feedback from the participants.

The quality of the production process is of great importance for HKU to produce a good quality of output. The University has been mainly a teaching institution and hence been placing important emphasis on the external examiner system which is the keystone for independent validation of the University's academic standards. The selection of external examiners and evaluation of their performance are under vigorous scrutiny. One senior academic member stated:

*'Recently, there is something called "Departmental Review". Each department review panel is steered by a professor, Dean or Associate Dean, a representative from the university sent by the University, a cognate member within the University, and one external member from Hong Kong and Overseas. The programme will also be brought to students and so on. This is an internal audit process. The re-engineering process has not started seriously, maybe the administration is working on it.'*

In addition, the University introduced a mandatory system of student evaluation of courses and teaching effectiveness in 1992-93. The Computerised Survey Unit under the Social Sciences Research Centre uses the latest scanning technology with expert questionnaire design to enhance and accelerate the student evaluation process. This information about students' perceptions provide insights for the design of new courses, evaluation of existing courses and their future development.

According to one senior administrator,

*'the expansion of higher education in Hong Kong has resulted in a wider range of academic standards of the University's new intakes. The teaching staff need to adopt different approaches for teaching students with varying levels of competencies.'*

The new Academic Communication and Study Skills 'package' was developed to help students to improve their English language. In addition, the University established in 1993-94 a Centre for the Advancement of University Teaching (later renamed to Centre for the Development of Tertiary Teaching and Learning in 1996) to assist faculties in enhancing their teaching effectiveness. The Committee of Teaching Quality under the Senate overlooks matters in this regard. One senior academic member commented:

*'The effectiveness of the Centre can't be determined at this point yet because it just got started. There are activities which are very welcomed by new teaching staff, particularly those from the overseas. The Centre conducts induction courses for these new staff by introducing them to the facilities and problems in teaching Hong Kong students.'*

The Student Affairs Office operates independently and reports directly to the Vice Chancellor. It oversees all matters that are relevant to services enhancing students' university life. The University has recently promoted a philosophy that

*"the University experience as a whole is an education for life and ... these undergraduate days can be the beginning of a life-time self education."*  
(The Office of Student Affairs, 1995)

The Office of Student Affairs publishes a booklet entitled *Learning for Life* by which means students are encouraged to set their own goals and objectives outside their degree syllabus. Each new undergraduate is asked to evaluate their own abilities with a list of core competencies. According to a student,

*'we have no idea what this booklet is actually for. There are different publications in the welcome pack. I have not even opened the pack...'*

Recently, HKU intends to implement a credit unit system, according to one senior member of the administration,

*'as HKU has had many professional studies, such as Medicine... there has have many core courses and in turn electives become fewer. So we are gradually move to... attain a model (which is) a combination of British and American tradition... to get the best of both worlds.'*

A well-established market intelligence system should facilitate student recruitment activities. The External Relations Office has, together with the other six universities in Hong Kong, participated in the establishment of Higher Education External Relations Association (HEERA) in 1991-92. HEERA member institutions will join hands in the Trade Development Council's (TDC) Education and Career Expo. The DRO remarked:

*'Although we are competitors, we would like to have some joint efforts in marketing activities. In the past, seven institutions joined TDC's Education and Career Expo individually. Everyone invested a lot of money to set up colourful booths. Since we start to have financial contraction, we no longer can invest that kind of money... Now, within Hong Kong we are competitors. But in TDC's Expo, we as a whole compete against overseas institutions.'*

To-date, HEERA has organised a postgraduate exhibition to promote their institutions' Master's and PhD programmes.

#### **II.4.1.2. Exploring opportunities in the "User-Specified" quadrants**

HKU has had significant growth in research postgraduate student population from 261 full-time equivalent in 1985-86, 561 in 1991-92, to a projected 1,018 in 1995-96. This expansion is initiated by the Funding Council and supported by it in the form of Postgraduate Studentships. The budget has increased from HK\$6.6 million for 121 students in 1984-85 to an estimated HK\$93 million for 661 students (Wang, 1992; HKU, 1995c). The University established the School of Research Studies in 1992 with a purpose of providing services to postgraduate research students and those taking taught Masters' courses involving elements of research. The services include offering courses on research methodology and some vocational skills; formulating guidelines for students and their supervisors and the implementation and evaluation of these guidelines; offering advice and assistance in quality assurance and the academic audit of graduate training and supervision; and maintaining database on student records, their financial supports and career prospects. In addition, the University has produced *Postgraduate Studies* for potential prospects and publicised its

achievements in research to the public. The postgraduate programmes are also promoted to overseas prospects, in particular, those from China. One senior member of the administration stated:

*'HKU is limited by the government policy. There is a limit of 2% of undergraduate students from non-local. Postgraduate can have 20% non-local. We have had rapid expansion on undergraduate student body which is approaching saturation. Our future strategy for expansion and marketing and recruitment efforts will concentrate on the postgraduate segment. ... We are looking at recruiting PRC students to our postgraduate programmes. But, PRC does not allow best students come to HK. It has been the case that first best stay in PRC, second best go to the US. HK gets the third best. We are hoping that after 1997 when HK is part of China, the situation will change.'*

In addition, students from China, according to a lecturer in the Science discipline,

*'tend to treat Hong Kong universities as a stepping stone to overseas institutions, particularly those in the US. Those students can just walk out in the middle of a project. If there is a choice, we don't like to recruit students from PRC just for that worry. Unfortunately, Hong Kong undergraduates don't like to go to postgraduate programmes, particularly those in professional courses.'*

Both of the most recent Vice Chancellors, Professor Wang and Professor Cheng, have indicated the importance of improving access to education for the international students. The Overseas Students Unit under the Office of Student Affairs provides information and assistance on non-academic matters to overseas applicants and students. A publication entitled *Notes for International Applicants* is to provide advice for interested applicants. The University founded a club known as International Outlook in 1988 to bring together overseas students and to encourage links between Hong Kong students and foreign students. This club conducts programmes to help non-Hong Kong students settle down quickly and easily in the University. Together with the Overseas Student Unit, it produces a *Survival Guide* for newcomers to Hong Kong and it is given to all foreign students on their acceptance to the University.

HKU has not been strong in business disciplines. According to one of their staff members,

*'Central Management recognises the high market demand for business degrees, the VC is currently acting as the Director after the School of Business being consolidated and independent from social sciences faculty.'*

As Master's degree of Business Administration (MBA) has a good market potential, HKU appointed a team to organise and plan for the programme. One of the senior members of this programme commented:

*'Although HKU is late in the race, we hope to capitalise on HKU's reputation. At this point, the VC is very supportive of our activities. But, the University itself is going through some changes in leadership and contraction of resources.'*

From another staff member,

*'we work as a team. Because we are a relatively small faculty, everyone has to support each other. The VC has so far been supportive. Business is an important discipline and MBA in Hong Kong has many competitive programmes. There are distant learning and open learning programmes. We have to identify our target segments.'*

As early as 1952, the Keswick Committee recommended extra-mural studies to HKU when commissioned by the Chancellor to review higher education in Hong Kong. The University later established DES in 1957 to conduct courses for adult learning. When "Lifelong learning" became an important purpose for higher education in Hong Kong because of the market demand for trained workforce in a transitional economy, HKU replaced DES with SPACE in 1992. Most of the courses offered has been focusing on diploma and certificate programmes. The Grants Committee recently released its proposal for the triennium of 1998-2001 and indicated clearly that there will still be no funding directed to continuing and professional education in universities (Yeung, 1996). Central Management promulgates a new system whereby resources that are allocated for the mainstream higher education from the Funding Council could be deployed in accordance with the overall strategic planning of the University. Some

professional disciplines, for example nursing and accounting, have also been more active in offering its accredited diploma courses in the evenings to those who are currently in the workforce. This is a joint effort between individual faculties and SPACE. However, one of its staff member remarked:

*'The new dean of school of business took the initiative in collaborating with SPACE... SPACE is currently making a lot money. We don't need to work with them. Beside, we used to be able to keep all the surplus for the development of SPACE. Since the University centralises the resources deployment, now, two-thirds of the income goes to the central. We only get to keep one-third.'*

In addition, Poon Kam Kai Institute of Management has been conducting training and consultancy projects for companies that are interested in exploring business ventures in this region. This institute was one of the first to have close collaboration with Hanoi of Vietnam when it opened few years ago. It remains to see how the new dean of School of Business integrates all these different facets of programmes designed to meet various needs of their target segments and the resources implications as a result.

#### **II.4.1.3. Marketing of graduates**

This subject used not to be an issue for HKU because it was considered to be the incubator for Hong Kong elites. Almost all governmental agencies and a majority of major corporations in Hong Kong employed solely HKU graduates. Although graduates from some disciplines still enjoy this privileged position, others are facing keener competition. A fresh graduate shared:

*'In Hong Kong, most jobs are in sales or marketing. I can't find a good job with my training. I have to get a business degree in order to find a good job. It is very competitive.'*

In order to facilitate more communication between the tertiary sector, the secondary schools, the relevant government departments, examination authorities and employers, the University has initiated a series of round table meetings. These meetings allow the

University to meet the constantly changing needs of the employment market. Students-in-process are introduced to the labour market by internship arrangements with industries through Career Education and Placement Centre (CEPC) or networks of academic staff and/or various alumni associations of the University. CEPC co-ordinates with employers in conducting career talks and on-campus interviews. As the University has for many years produced society's elites who spread in many walks of life in Hong Kong, the strong relationship between HKU and its alumni augments greatly these activities.

In light of the present uncertain job climate, the University has introduced a new academic initiative called problem-based learning to equip students with the transferable skills demanded by the employer like "good communication skills, team skills, lateral thinking and emotional stability." (Przygodzki, 1995) The CEPC collaborates with industry to provide courses to equip students with desirable transferable skills for their career prospects. It also organises courses on a variety of relevant subjects on job-search from application forms, resumes, and cover letters to interview skills to prepare the students. Students themselves may make use of the Computer-Assisted-Careers-Guidance System to further clarify their career goals. In addition, students from participating institutions are able to access vacancy information through Joint Institutions Job Information Systems (JIJIS) which is a centralised database to which employers submit their vacancy information.

#### **II.4.2. Funding councils**

When its triennium machinery was formed in October 1965, the purpose of the Grants Committee was not only to perform negotiation and assessment but also to function as a stimulus to universities. This machinery should help universities to develop according to the community's interest as well as their own, and the Government's better economic use of university potential. After almost thirty years, 83 % of HKU's total income in 1993/94 came from the Government through funding councils (HKU, 1995b). Therefore, the Grants Committee is an important customer for the



University. Interactions between the Funding Councils and the University are most importantly through the triennial plan of block grants from the Grants Committee. Other minor means for exchange of ideas with funding councils are research grants, for example. Internally, the discussion for the following triennial plan starts from the faculty level about two years prior to the commencement of the new plan. Faculties examine the priority of various areas for development in the future, followed by further discussions at the Academic Development Committee (ADC). The Senate makes the final decision on the overall plan for the University and forwards the endorsed proposal to the Grants Committee. The Grants Committee in turn delivers to the University an “allocation letter” on the basis of what the University can allocate resources in accordance with its own strategic plans.

Despite its struggle with financial stringency in the first forty years of its foundation, the University has since then been well provided in all aspects by the Grants Committee. HKU and the Government are in partnership and work for the development of higher education in Hong Kong. The University’s planning has corresponded well with Funding Council’s policy changes. In turn, the development of higher education by the Grants Committee has been in accordance with the manpower planning of the Government.

*“From an early stage in the discussions about planning for the Triennium 1991-94 the UPGC had made clear to us that it believed that the University had a special responsibility within the tertiary sector as a whole in Hong Kong to undertake an early expansion of postgraduate research student numbers, with an eye, in particular, to meeting the academic manpower needs of higher education in the future.” (Wang, 1990, p.3)*

In the meantime, the University considered itself was

*“very near the end of a long phase of growth and development, and the flexibility it has enjoyed throughout this time will diminish markedly when its recurrent funding levels are assessed solely with reference to already-extant activities and commitments.” (HKU, 1993, p.13)*

Therefore, HKU has undertaken a series of reforms on its research operations in order to meet the needs of its growing population of postgraduate research students and to become more competitive in bidding for research funds from the newly established Hong Kong Research Grants Committee. In 1992, the University created a new post of deputy Vice Chancellor with a particular responsibility for research and postgraduate matters. His major concerns lie in the area of fostering research in the University and forging stronger links between University departments and industry and other relevant sectors of the community as a whole. During the same year, the Senate also established the School of Research Studies and appointed a University Research Committee to manage the School's affairs. The new Deputy Vice Chancellor chairs this Committee whose membership includes both an academic representative and a postgraduate representative from each of the nine Faculties. The University's aspirations for a substantial enhancement of research postgraduate degree programmes is further supported by the Grants Committee's decision of building in a degree of resource 'weighting' for postgraduate work in its block grant calculations. This policy change has provided the University with a

*"welcome impetus to proposals from faculties for supervision of large numbers of research students."* (Wang, 1991, p.4)

By anticipating a budget cut for the 1998-2001 triennium budget even before the official announcement, Vice Chancellor Cheng Yiu-Chung initiated an internal cut of the budget across the board in early 1996 to pre-empt the impact of the actual contraction of public funding. This move reflects the stronger control from Central Management and the importance of an open channel of communication between institutions and the Funding Council.

#### **II.4.3. Industry**

HKU invites industry's inputs through its membership in the Council, Court and advisory bodies of Faculty Boards. These lay members provide ideas and arguments

about policy issues, course designs, and programme development. In general, industry participation is very important for the Faculty Boards, particularly those with a stronger professional nature, such as Faculties of Medicine, Law, Engineering, and School of Business which has recently become independent of the Faculty of Social Sciences in 1996 to answer the demand from the market. Other than academic accreditation, these programmes also have professional accreditation. In addition, industry exerts influence on the University through involvement in activities conducted by Career Education and Placement Centre under Student Affairs as discussed in the previous section. There are many ‘town and gown’ members on their Board with the Director of that Centre serving as the Secretary.

It has been the University’s continued mission to undertake research consultancy and various forms of service to the local and regional communities. In fact, research and consultancy projects with the industry provide another source of income for the University. The idea of university-wide centres is a result of this philosophy of enhancing collaborations between academic institutions and the industry. Some are ‘real’ centres to which the University allocates funds, facilities, and resources. Since 1994, the University has tried to build an ‘enterprise culture’ with a new idea of ‘virtual’ centres where people with similar interests gather together and adopt the name of a centre to conduct businesses based on the members’ initiatives. The University, however, does not commit any ‘real’ resource. Both kinds of centres require approval from the Senate and the Council. These centres are to acquire projects from outside, such as training. One senior administrator,

*‘at this stage, these centres are not considered as centres for income generation. Their activities are important for their own survival.’*

Some existing ‘real’ centres have operated quite successfully within the University due to the brand image of HKU. The Poon Kam Kai Institute of Management which is under the School of Business has been very active in promoting professional executive development. This Institute conducts seminars, workshops and field trips, mainly to East Asian Countries. It also collaborates with local institutions to conduct business

training programmes and/or consultancy projects in some major developing markets of the Region, such as Vietnam. The Centre of Asian Studies at the University also entered into a co-operative relationship with the Italian Trade Council in the hope of improving the standard of operation in manufacturing and services industries through both academic exchanges and business collaborations. There are other collaboration between the University and business enterprises world-wide. A company has been set up to be under the auspices of the Deputy Vice Chancellor's Research Initiatives Office. It is responsible for promoting contract research and negotiating terms of research contracts, etc. It will also be involved in related issues such as technology transfers, patent, licensing, intellectual property, etc. The University is also raising funds for supporting the Asia-Pacific Economics and Business Studies Centre and the China Development Fund. These are the University's efforts in response to the needs of the region and greater China.

#### **II.4.4. Donors**

HKU has placed efforts since its early days in building relations with the public because of its initial financial stringency as described in the first section. The University instituted a University Press and published a *University Gazette* as a vehicle of information about academic activities during Sir Lindsay Ride's tenure as HKU's Vice Chancellor. Convocation which became a statutory body in 1956 is another means for the University to strengthen the bonds between the University and its alumni. Not surprisingly, donation is the major income generation activity for the University which has acquired generous donations from local philanthropy and private benefactors. Most notable examples for supporting the University's research work are the Croucher Foundation and the Royal Hong Kong Jockey Club. Vice Chancellor Wang Gungwu, together with the Senate, determined that the University required a foundation to raise the additional funds for launching initiatives that would promote the University's prime position in meeting the enormous demands of the region and beyond. Consequently, the HKU Foundation for Educational

Development and Research was established in 1995 and chaired by Dr. Stanley Ho to centralise its fund-raising activities. In light of the continuing dynamic development of Hong Kong and the Asia-Pacific Region, this foundation has been promoted to potential donors as the University's and the wider community's "Foundation for the Future." (HKU Foundation Secretariat, 1995a and 1995b) The target for 1997 is HK\$500 million (equivalent to £40 million) which will support HKU World-wide, Foundation Fellowships and Scholarships, and other activities conducted by Marine Conservation Centre and Biodiversity Museum, the Asia-Pacific Economics and Business Studies Centre, and the China Development Fund. The Foundation has during the first-year of establishment been active in sharing the University's achievements and findings with the community, and creating opportunities for the interflow between town and gown. Examples are annual Foundation Dinner, the University's Foundation Day, the Launching Reception, the Historical Site Concert Series, and trips to visit the Chinese white dolphins and the University's Kadoorie Agricultural Research Centre.

As mentioned previously, one of the major terms of reference of the External Relations Office (ERO) is to develop the fund-raising system whereby the University-wide fund-raising activities are being integrated. ERO publishes two major publications, namely *Interflow* and *Convocation Newsletter*, to reach to the public and potential donors. *Interflow* circulates externally to the Legco (Legislative Council) members, Urban Councils, Regional Councils, District Boards, Alumni, existing Donors and Friends or prospects to inform them of the University's developments and ground-breaking research discoveries. This publication used to be a black and white newspaper. As the main purpose of this publication is image building, its art work and editorials have had a revolutionary face-lift since 1992 following the Consultant's recommendation, in order to appeal to the public.

*Convocation Newsletter*, on the other hand, is tailored toward the University's alumni and staff. There are a number of alumni bodies at the University. Since its foundation in 1937, Hong Kong University Alumni Association (HKUAA) has developed into an international network of alumni which is considered as one of the links between the

University and the society. HKUAA has a total of twelve overseas chapters scattered over USA, Canada, UK and Asia. University Graduates Association (UGA) has also been a meeting point and a social network for many HKU graduates since 1973. In the early years, over two-thirds of HKU undergraduates came from Mainland China and South-east Asia. Hong Kong HKUAA of Chinese Mainland has been instrumental and will be more so after 1997 for collaboration between the University and China. Other alumni bodies are on the basis of faculties or residence halls. Many of the University's alumni are grouped by professions, such as Engineers, Government Officers, Medical Doctors, and etc. Through mostly informal channels, the University forms a widely spread network with a number of professions through the contribution of HKU's alumni.

### **III. Case Study Summary**

The University of Hong Kong has been the colonial government's flagship of higher education in Hong Kong. Despite the financial stringency the University experienced in the first forty years after its foundation, HKU has subsequently been generously financed by the Government through the Grants Committee since the late 1960s. During the period when university education was available to less than two percent of the age group of eighteen and twenty-two, the University and almost all of its programmes enjoyed the monopolistic 'star' position. Only those best able students were able to enter HKU. Marketing was not perceived to be necessary and, furthermore, it carried with it a negative connotation.

After the rapid expansion of higher education in the early 1990s, a contraction of public funding has been announced for the period of 1998-2001. In light of the increasing competition for public funds, quality students as well as staff among tertiary institutions in Hong Kong, the University started to strengthen its strategic marketing practices since 1992. These market-oriented practices, however, are not completely foreign to the University. In earlier days when experienced financial stringency, the University saw "comparative studies" as its competitive edge over its Chinese

counterparts. The University also published *University Gazette* to improve its relations with the public and formed Convocation to strengthen the bonds with its alumni in the late 1950s. These public relations and fund-raising tactics have been adopted again. The main focus of its academic programmes continues to remain in 'supplier-specified' quadrants of the taxonomy of M.A.P.

Collaboration with China in education renaissance as well as development of higher education have been part of the University of Hong Kong's mission since its foundation in 1911. Before 1949, approximately 25% of intakes were from Mainland China (HKU, 1995a). These graduates returned home and made significant contributions. This relationship suspended for almost thirty years but started to resume after China's open door policy in 1979. After the transfer of sovereignty of Hong Kong, this mission is particularly relevant for the future development of the University. The current Vice Chancellor, Professor Cheng Yiu-Chung, indicated in an interview:

*"My own vision at this point in time is to make HKU a leading university in Hong Kong and China with a unique international characteristic, which produces leaders for Hong Kong and China" (Benitez, 1995)*

This vision statement has led the University undertake several collaborative projects with universities in China and expand its market share in the quadrant of 'Consumer'.

The Vice Chancellor brought with him a stronger leadership than any of his predecessors. Different from his immediate predecessor who encouraged intrapreneurship with devolving budgetary responsibilities to individual departments, Vice Chancellor has implemented some frame-breaking changes from top-down, such as the cross-the-board budget cut. Resulting internal tensions from this strong leadership as observed in the process of this study warrants re-thinking as to how to cultivate a desirable culture in a devolved and autonomous collegial structure as in the case of HKU.

## **CHAPTER 8 HONG KONG BAPTIST UNIVERSITY**

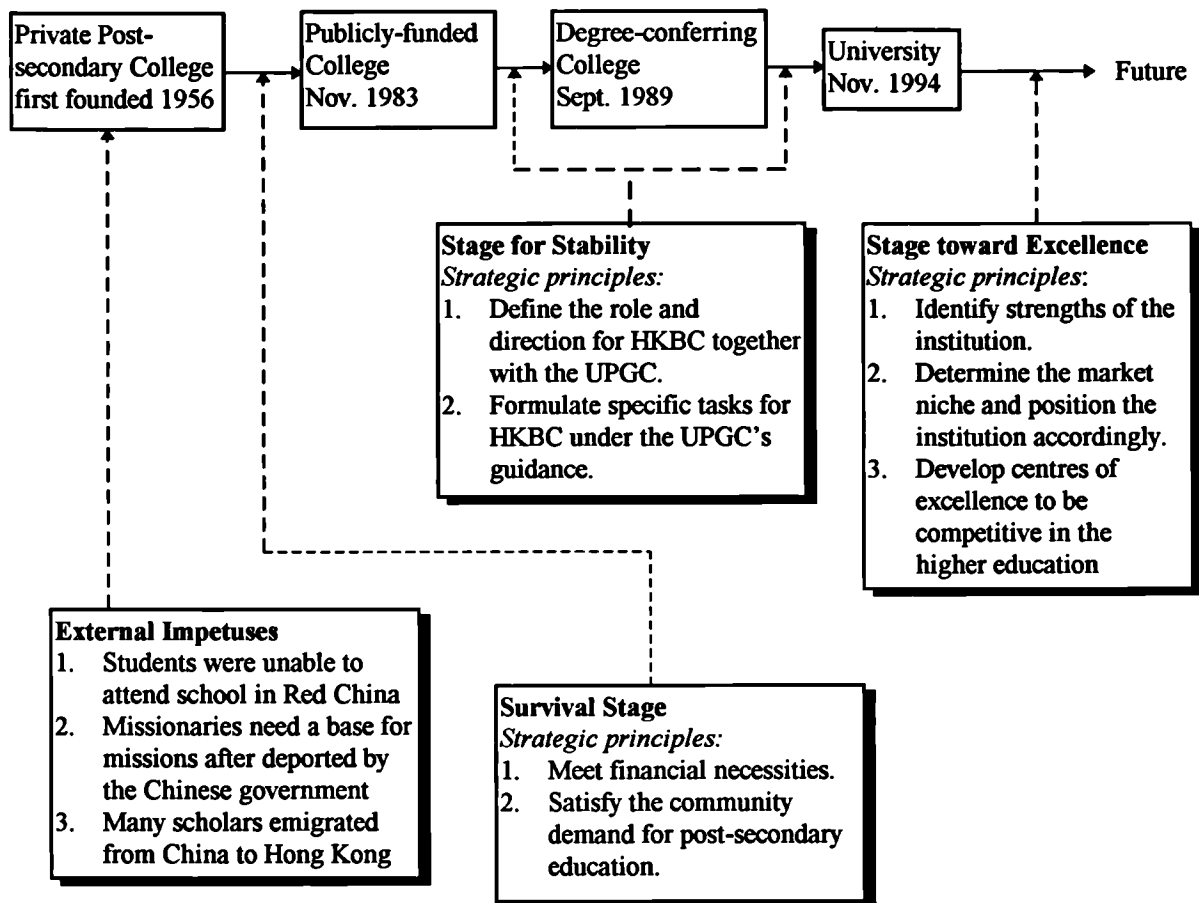
The Hong Kong government started to take an active role in developing higher education after the publication of its 1978 White Paper by appointing the ACD to review higher education in Hong Kong. In 1989, the Government further announced plans for a rapid expansion of higher education in 1990s. Hong Kong Baptist University (HKBU) was one of the three institutions that were re-designated as universities in November 1994. In contrast to the case of Liverpool John Moores University, several key members in the Central Management have been with the institution during important phases of its development and these members' reminiscence about the past often is reflected in the news release and internal communication organs. Therefore, this case examines the University's historical background more closely with the attempt to understand better the origin of its current philosophy of management.

### **I. Historical Development**

HKBU has evolved through some distinct stages in a span of forty years from a privately owned Christian college to a public university. This evolution of HKBU's development coincides with Balderston's (1978) assertion of stages for survival, stability and excellence. Figure 8-1 summarises external impetuses for HKBU's inception and HKBU's development in terms of these three stages and their corresponding strategic principles. A recently published *A History of the Hong Kong Baptist University* (Wong, 1996) has given a detailed account of the development from the University's perspective. The following section will incorporate varying views on this issue.



**Figure 8-1 Development and evolution of HKBU**



### **I.1. Survival stage (1956-1983)**

Hong Kong Baptist College (HKBC) which was so titled prior to November 1994, was established by the Baptist Convention of Hong Kong in 1956 with a mission of cultivating youngsters with Christian ethos whilst providing higher learning opportunities for students from Chinese secondary schools. During that period, Chinese higher education colleges were caught in between political debates on higher education provision policies. There received no government support. Consequent to

the pressing societal demand for Chinese universities, the Hong Kong government eventually funded the Chinese University of Hong Kong (CUHK) which was a consolidation of three Chinese colleges under the 1959 *Post-Secondary College Ordinance*. The government, in the meantime, attempted to discourage other private colleges from offering higher education by means of disqualifying their graduates from becoming certified teachers.

Due to its constant financial stringency, HKBC has started aggressive fund-raising activities from its inception. As early as in 1964, The Vice President, Dr. George R. Wilson in his five-year plan recommended an independent office responsible for public relations, a commercial facility for providing meetings, conferences and cultural activities for internal and local communities, and part-time evening courses for adult learning (Wilson, 1964). The College started to implement this plan in 1966 after construction of its new campus finished. Central Management formed a Study Committee on Admission Policy with Dr. Wilson as the Chair. This committee comprised heads from the Registry and academic departments. Although the five-year system was under fierce criticism, the President then, Dr. Chi-Fung Lam, argued strongly for keeping the system which targets Form 5 school leavers in order to avoid direct competition with other universities. With the consent of the Association of Southern Baptist Colleges and Schools, HKBC registered its Board of Governors as a legal entity in 1969 and started to operate independently from the Church. The income portfolio at that time comprises mainly student tuition which accounted for 82.4% of total income, as opposed to 27.6% in 1956-57, mission donation of 10.4%, and other gifts of 7.2% (Anderson, 1972).

As there was an increasing demand for skilled workforce, the Department of Education (DOE) inspected HKBC in 1967 and later allowed HKBC register formally as a four-year post-secondary college in 1970 under the revised *Post-Secondary College Ordinance* of 1964. Following the DOE's guidance, the College strengthened the content of existing subjects and added Economics subject to meet the market demand.

President Daniel C.W. Tse succeeded Dr. Lam in 1971. He conveyed some of his vision and directions in his inaugural speech and later led the development of this College accordingly. President Tse (1971) charged the College with

*“a vision to transfer ‘liability’ to ‘asset’ by converting a mass of 3,000 students to cultivated citizenry with capability, integrity and flexibility for the society. The College should help the mass to build a sense of belonging and to share a common goal by providing environment for faculty, staff and students to excel themselves. As the College was encountering stringency of financial resources, all parties concerned should be involved in the re-engineering of institutional operations in order to maximise the utility of limited resource. Students should recognise that being able to obtain higher education is not a right but an opportunity which attached with it duties and responsibilities. The unique Christian tradition of the College should contribute to students an added value of sincere, caring, and dedication from faculty and staff members.”* (my abstract and translation)

The College promoted aggressively the institution and its academic programmes to prospective students, overseas accreditation agencies, educational federations and potential donors. For examples, HKBC collated and distributed entrance examination materials and references to the Baptist Convention’s secondary schools. It also initiated school visitation programmes. Following HKU and CUHK, Association of Southeast Asian Institutions of Higher Learning granted HKBC membership. Graduates from Civil Engineering and Accountancy were granted waivers from their respective professional bodies in Britain. Although the College received increasing amount of donation, its income together with tuition fees were still not sufficient for improving teaching facilities and offering competitive remuneration to retain and/or to attract capable faculty and staff. Strong lobbying for government funding continued.

Hong Kong Government started to provide HKBU’s needy students with interest-free loans in 1975. However, the 1977 Green Paper states the government’s intention of concentrating on the development of publicly-funded HKU, CUHK, and Hong Kong Polytechnic (HKP). The Paper recommends those private institutions to consider increasing tuition fees to cover expenses. President Tse appealed strongly to the Government. University and Polytechnic Grants Committee (UPGC) suggested

HKBC change its course structure and invited CNAA from Britain to review the structure. As recalled by the academic leader,

*'The initial attitude of the panel members from CNAA was quite negative with comments like "why is this programme here?" We replied with statements like "meeting the community's needs and that's why you are here".'*

Eventually, CNAA's panel review in 1981 re-affirmed the College's achievement and recommended a regular 3-year honour diploma programme. In November 1983, HKBC officially became a UPGC-funded honour diploma-granting institution.

## **I.2. Stage for stability (1983-1994)**

Government's subvention provided HKBC with a stable source of income but at the same time imposed on the institution its regulatory control. One senior member of Central Management stated:

*'The guiding principle and philosophy of the UPGC emerged and shaped institutional planning. HKBC since lost its autonomy. In general, it's a constant negotiation between HKBC and UPGC.'*

The UPGC (1988) indicated specifically in its 1985-88 Triennium Report the missions for individual higher education institutions, among others,

*"...the Baptist College is developing as a liberal arts institution with a vocational bias, which will ultimately provide qualifications predominantly at the degree-level." (p.3)*

The UPGC provided HKBC a Total Quota Table for its general indications based on, according to the same senior member,

*'manpower needs ...which is always the justification for the government's decisions or guidelines.'*

In return, the College submitted a triennium outline of its academic development plan to the UPGC for its review and approval.

In 1986, the College started to confer degrees. After reviewing HKBC's administrative structure, an outside consultant, Norman Hunt, recommended the College to adopt a bureaucratic structure and form a formal advisory body to the President as a means of collegial participation in policy making. Consequently, a Senior Executive Committee (SECO) was established in September 1986. Its terms of reference were basically to co-ordinate at the highest level within the Administration issues regarding future development of HKBC, including personnel and physical planning and management, course development and management, research strategies, student places and admissions, and all others deemed to be important to the institute by other properly-constituted committees. The membership of SECO consisted of President as Chairman, Vice Presidents, Deans, Comptroller, Head of the Student Affairs Office, and Chaplain.

Parallel to the development of regular undergraduate programmes, the Division of Extramural Studies was renamed as the Division of Continuing Education (DCE) in November 1983. This Division continued to serve a different target segment from mainstream higher education and to provide the community with a life-long learning opportunity. As DCE is self-financed, it offers only courses and/or programmes with market demand and operates under a stringent financial control. Followed Professor Hunt's recommendation, this Division was later incorporated as part of the academic structure at School level in 1989 so as to enhance the collaboration between this School and other faculties/schools within the College.

HKBC started to prepare itself for university status after becoming an institution conferring solely degrees in 1989. As the College was given the right to recruit research postgraduate students in the same year, a new post of Vice President for Research and Support Services (VPRS) was later instituted in 1990. This VPRS carries with him

*'an important strategic role in monitoring the College's major source of income from the Government and internal deployment of this block grant.'*

The College continued its preparation for university status by restructuring existing systems and establishing new committees similar to other institutions. Although the Secretary of HKCAA commented that,

*'as a long-term strategy, the college should try to separate the issue of institutional mission from that of university status and title.'*

After receiving this report of HKCAA's institutional review visit, SECO members generally disagree with the panel's comments that

*'the College had deviated from its mission and over-emphasised research, and that the College should only provide opportunities to those staff capable of doing research and not have "forced" every academic staff to be engaged in research... that staff were over-stretched by the College's requirements to do research and scholarly activities in addition to teaching.'*

Rather, Central Management believes that

*"excellent teachers would have to conduct research. It is impossible to maintain long-term high quality of teaching without research. Three main policies are a) actively sourcing research funding, b) incorporating research output as an important criterion for performance evaluation of faculty members, and c) supervision of third-year honour projects."*  
(Editorial, 1993)

After the extensive institutional review in areas of student body, administrative structure, decision making structure, chains of command, workload of teaching staff, library facilities, education support services, other ancillary services, organisation and processes for self-accreditation, HKBC was eventually granted the authority for self-accreditation on 17 August 1993. This landmark achievement was a milestone to the College in its journey to university status which was legislated in November 1994.

### **I.3. Stage toward excellence**

HKBU has become more competitive after acquiring new university status, as it exposed itself to keener competition from other universities. They all compete in the marketplace for, according to a senior member of Central Management,

*'quality students, academic staff, and administration staff with transferable skills, particularly at the middle or senior level'*

HKBU used to have relatively distinct goals. Strategy formulation during the "stability stage" was to a certain extent arbitrary. New university status actually places a higher level of social responsibility on the University and greater extent of discernment on strategic planning advocated by the UGC (renamed from UPGC after Polytechnics attained university status). In its Interim Report (1993), this Grants Committee stipulates that all the universities should take their own initiative to identify and to develop centres of excellence (later termed areas of excellence).

The President and Vice Chancellor Tse (1995) announced to internal stakeholders what he considered a major challenge to the University in *The Baptist Fax*:

*"...after arriving at the height of its development...how well the University can accomplish depends solely on how we capitalise the opportunities in our hand. [Our boundaries] are the Academic Profile and Mission Statement agreed by the UGC. Our Academic Profile is outlined by the current five faculties/schools in Arts, Business, Communications, Sciences, and Social Sciences. Our mission is to equally emphasise both teaching and research so as to produce cultivated citizenry for the society. Therefore, our challenge is not to continue expansion in academic fields, instead, is to build Areas of Excellence on the current foundation...[This] requires talent, wisdom, strategy and ambition."*

On various occasions, the Vice Chancellor mentioned the importance of building an institutional culture of 'excellent teaching and competent research' (HKBC, 1994; personal interview) or otherwise termed 'the highest possible standards of quality teaching and research' (HKBU, 1995). The University promulgated Teaching Development Grants and University Fellowships with the attempt to develop teaching

and research capability of faculty, respectively. In addition, other projects like university-wide research units and the University Foundation Fund which are directly accountable to Vice Chancellor were undertaken to promote research culture university-wide.

## **II. Marketing Audit of the University**

As delineated in the previous Section, HKBU has since its establishment been forced to operate in accordance with market forces during different phases of its development. Prior to the CNAAC's visit in 1981, the University had to recruit students and raise funds in order to make ends meet. The demands of these two target segments were major concerns of the University. Since 1980s, the Funding Council's requirement has become a major driving force for the University in terms of its policy formulation. This Section will examine how the University has responded to demands from the market and regulatory environment since becoming a degree conferring institution.

### **II.1. Market orientation**

The Academic Plan for 1991/2 to 1994/5 (HKBC, 1992) clearly indicates that new courses are planned according to the market-led principles of a) taking account of community needs, b) complement provision elsewhere, c) building upon staff strengths, and d) meeting demand from prospective students. To prepare students for 'the work in the world', HKBC re-designed science and art courses with a professional emphasis and introduced a number of multi-disciplinarily and interdisciplinarily integrated academic programmes, particularly for combined sciences, BBA, Communication, BAS, Humanities, and China Studies. Typical examples are 1) School of Business collaborates with Social Sciences Faculty to offer China Studies and 2) China Business Studies which is a team work among several options in the School of Business. One senior member of Central Management commented regarding academic planning:



*'In general, it's a bottom-up process. Issues or proposed changes... are mentioned by deans during biweekly meetings with the Academic VP through informal format of discussion. Once they are informally agreed, formal proposals will be tabled and discussed in ADC and later Academic Board.'*

When planning for the University's re-designation, Central Management decided to, according to a middle level administrator,

*'invest a significant amount of money in exhibition booth design, promotional materials, and folders,'*

and to capitalise on the event with a celebration of its fortieth anniversary with high visibility programmes. IPRO organised

*"a four-day exhibition on the topic of 'Evolution of Tertiary Institutions in Hong Kong - The Hong Kong Baptist College Experience' in the main lobby of Ocean Terminal... [and] a series of displays... for public viewing in various venues with heavy pedestrian traffic, such as the Central Mass Transit Railway Station." (Leung, 1995, p. 6)*

On 16 November 1994 HKBU celebrated with its staff, students and alumni the U-day with its new logo and updated emblem following Legislative Council's vote to approve the university title. The newspapers carried editorial columns and articles on the history and/or future plans of the University. A special issue on South China Morning Post (Murdoch, 1994) reported the flag raising ceremony, the University's history, campus expansion and the foundation stone laying ceremony, future prospects from senior executives of individual faculties/schools/offices of the University, and congratulatory notes from Governmental officials and patrons of the University. There was also news coverage of many other publicity events.

The University later celebrated its 40th anniversary (1956-1996) for a year, starting with the opening ceremony of the new Shaw Campus plus the University open day on October 7, 1995.

*"A central theme throughout this ruby anniversary year has been 'change', and the many changes experienced by the institution and in Hong Kong*

*education generally are clearly documented in a new and definitive history of the University published in February 1996.” (HKBU, 1996b, p.7)*

Both *A History of Baptist University* and *Triumph of the Baptist Spirit volume 1* were published in February 1996 to present a definitive account of the University and a collection of interviews with outstanding alumni, respectively. Other activities including a nostalgic homecoming - Gala Evening on March 9 and a series of distinguished lectures which received some news coverage as well.

Consequent to this entire series of events, the corporate culture seems to be gradually changing as Central Management emphasises more on publicity and self-promotion. According to one staff member from the Office,

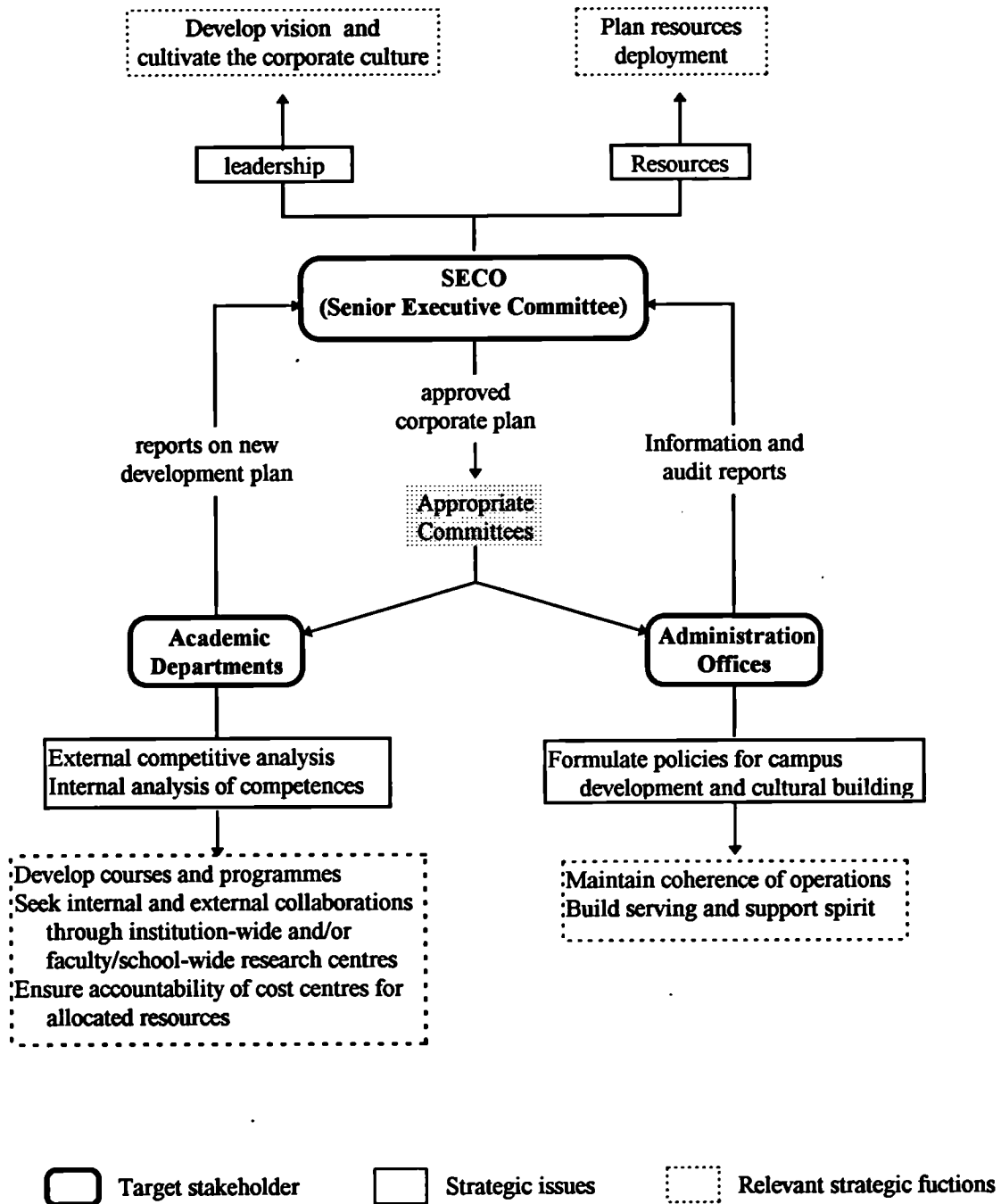
*‘in the past, faculty members were more conservative. The trend is changing. Faculty members would contact Public Relations on their own initiatives. Exposure of faculty members in mass media can raise visibility of the institution.’*

## **II.2. Marketing organisation**

The evolution and development of HKBU over the past forty years as delineated in the previous section call for a strong and visionary leadership. Consequent to this historical background, SECO has developed into a hard core of decision making body, that is Central Management, as shown in Figure 8-2. Lines of communication from both faculty and administration to SECO are mostly informally through deans and VPs. Where issues of university development are concerned, one Senior administrative leader commented,

*‘(they) are discussed informally in the briefing sessions among VC and VPs... SECO, on the other hand, meets every alternative weeks from the briefing sessions. Ideas can be from any individual staff.’*

**Figure 8-2 Internal chains of command at HKBU**



Overall, SECO takes charge of institutional planning and resources deployment. In 1991, SECO further re-evaluated HKBU's mechanism of strategic planning and decided to

*'integrate (it) with the Planning and Resources Committee as a consolidated committee for strategic planning and resourcing.'*

Starting from October 1991, the consolidated SECO henceforth

*'conducts strategic planning and long-term planning for the development of the institution... integrating coherently academic, administrative, financial and physical planning, as well as setting academic priorities.'*

The Council later commented on this consolidated SECO as having

*'a top-heavy membership composition...; over-concentration of power...; heavy overlapping of membership between ADC and SECO; and the top-down approach taken by the senior management towards academic development planning.'*

The College Development Committee of the Council later approved these proposals annually and their relevant resources deployment. The Academic Development Committee (ADC), the Support Services Committee, and other relevant committees are in charge of monitoring implementation of these approved plans. The administrative offices, on the other hand, assist in formulating policies for campus development and cultural building. Among the Administration offices, the Management Information Team (MIT), which provides management information to the University management and submits annual statistical returns to the Grants Committee, functions as an important marketing intelligence unit.

The Alumni Affairs Office (ALO) and Information and Public Relations Office (IPRO) are the two visible hands responsible for marketing functions that are targeted at potential donors. When corporate image became a more important issue for the College in the early 1990s, both Alumni Affairs Office (AAO) and Information and Public Relations Office (IPRO) were changed to be under the President's direct

supervision to facilitate related operations. The University later consolidated these functions under the central office of Office of University Relations (OURS) in 1994. The office of Public Affairs (PA) co-ordinates activities that promote the image of the University through press release, press invitations, press conference, press briefings, press interviews and answering media enquires. In addition, PA is in charge of the publications for both internal and external communications. Being a member of the Higher Education External Relations Association (HEERA), OURS is involved in student recruitment exercises more directly through the Trade Development Council's Education and Career Expo as an integrated body of Hong Kong's university sector starting from 1995. The Office of Development under IPRO, on the other hand, supports OURS' fund-raising activities.

### **II.3. Internal marketing**

Due to its origin, HKBU used to have a strong Christian influence. Members of the Baptist Convention of Hong Kong and the Chaplain participated in a number of policy making bodies. After the consolidation of SECO in 1991, the Chaplain is no longer a *de facto* member of SECO and can attend the meeting only by invitation. This change signalled a decreasing level of influence of the Church in the strategic planning of HKBU.

#### **II.3.1. Intrapreneurship vis-à-vis HKBU tradition**

As HKBU having been compelled to comply with series of requirements from government through Funding Council during the long years of evolution, internal operations have inevitably become more administratively driven. Academic planning has adopted a bottom-up approach at the operational level as mentioned in Section II.1. Some issues and/or proposed changes of programmes are initiated from individual departments based on the external market demand whilst some may be derived from demands by the regulatory body. Deans bridge academic departments and Central Management by discussing the ideas informally with the Academic Vice

President during their biweekly or weekly meetings. Alternatively, the ideas are discussed at SECO. Once an informal agreement is achieved, the proposal needs to be endorsed by the Course Accreditation and Review Committee (CARC) and examined by the Academic Development Committee (ADC) which followed by discussions in the Senate.

When commenting on the Grants Committee's expectation of its institutional review, one senior administrative leader proposed that

*'the institution should demonstrate evidence of maturity in areas of a) internal mechanism for academic quality assurance and b) the effectiveness of the decision-making machinery and the committee structure in resolving internal differences of views in a positive and constructive way.'*

Starting from 1994/95, the Academic and Professional Standards Committee was established by Senate to monitor internally the quality of academic programmes. HKBU has promulgated centrally some initiatives for enhancing teaching and learning quality by:

1. the quality assurance committee structure: the ADC, the academic strategic planning body, the CARC, the curricular review committee, and Academic and Professional Standards Committee (APSC), the course delivery and teaching monitoring body;
2. the Centre for Education Development (CED) under VPRS provides various courses for improving teaching skills for teaching staff on a voluntary basis; and
3. mandatory student evaluation questionnaires on teaching and courses.

In disregard of how the Grants Committee designation of teaching as its forte, in a 1993 policy paper, HKBU claims itself to be a 'balanced' university as opposed to a 'teaching' or 'research' university. Policies have been instituted in accordance with this strategic direction. This direction is in fact a result of the tremendous pressure imposed by the funding formula of UGC. According to this formula, research performance of a university has far-reaching implications on not only funding but also the quota of research students. Therefore, research is imperative for the University.

Deans of individual Faculties and Schools have pressed very hard for publications from faculty members. As one of the members of Central Management commented,

*'teaching is important for performance. However, good teaching without adequate research record will not warrant the continuation of the employment contract.'*

One of the ways in which staff are encouraged to involve themselves in research is that, one middle management person quoted a unwritten policy:

*'Staff members who are actively involved in research should be given a reduced teaching load, while others who are less active should be required to shoulder additional teaching responsibilities.'*

The University has since 1993 been in the process of "improving" the academic staff mix. Direct external professional appointments should be made on the grounds of strategic development of certain areas within a Faculty/School. Faculty members are encouraged to undertake scholarly activities and, in particular, academic research. A number of veteran faculty members who are not used to the idea of conducting research have under tremendous pressure. According to one academic member,

*'I don't have any fantasy about my promotion. I have been told to be more active in doing research. I just don't see how my discipline can produce any meaningful research that can be published in refereed journals.'*

Another claimed,

*'Christian ethos is diminishing in this university. It's like other universities, publish or perish. If one does not have a PhD, there is no opportunity for promotion.'*

In terms of entrepreneurial activities, one academic member commented,

*'the senior management is very supportive of my research centre. But, now this centre is expected to be self-financing. It just takes a lot of my time to manage it.'*

With SCE's market-oriented programmes, the planning is, remarked one member from the office,

*'according to the directions which are depending upon the senior management's vision for the university.'*

Since re-designation in 1994, the entrepreneurial culture is gradually being cultivated and infiltrated into the University. One exchange is the School Administration and Management System Training and Research Unit which is an initiative undertaken by a faculty member with government funding. This programme is a timely one that provides training for senior educators in primary and secondary schools in areas of school administration and management.

### **II.3.2. Venturing organisational renewal**

With respect to the University's effort at internationalisation, the David C. Lam Institute for East-West Studies (LEWI) has been frequently publicised as a university-wide research unit. As the VC indicated in an interview,

*'this research organisation will take full advantage of the strategic location of Hong Kong - geographically, politically, and academically - to develop our international academic activities and to broaden our educational perspective.'* (Murdoch, 1994)

This institute, originally known as the Centre for East-West Studies, was restructured in November 1993 to undertake the endeavour of an on-going East-West dialogue in the form of joint conference and collaborative projects (Tsang, 1995). LEWI consists of eleven Founding Members and some Associate members from universities worldwide. They engage mainly in conferences, seminars, and research projects conducted by resident scholars from member institutions.

As the size of the University has grown, division of labour has evolved into devolution of power. However, this carries with it responsibilities. A concern was expressed during one interview,



*'it is now an issue of how to monitor the devolved power to ensure that it is being exercised efficiently and with accountability. There is a need for channels of communication for building the intended institutional culture. The University requires a monitoring system. Although there are reports currently, they are not yet satisfactory. For example, how to monitor if the decisions made in SECO have been disseminated, explained clearly, and carried out at the lower level.'*

This concern was echoed from another member of Central Management,

*'consultation and participation from colleagues and students are becoming welcome concepts. But, the problem is how to implement these concepts.'*

Resource deployment and allocation have also drawn attention of Central Management, as indicated by the same informant,

*'resource allocation requires prioritisation so as to avoid over proliferation when unit resources become levelled.'*

The University's future development is however not without constraints which are in areas of, according to the academic leader,

*'a) imposed restrictions on the University's academic profile by the UGC; b) the physical campus is not on a par with other universities; c) historical burden of inferior image compared with other universities; and d) lower social status shared by those alumni of HKBC due to the Government's discriminatory treatment to graduates from private colleges.'*

For example, UPGC's letter dated 15 March 1994 indicated that the government encouraged China Academic Exchanges by increasing provision for 94-95 by 25% over the current year. A member commented that

*'the letter appeared to foreshadow the changing of the funding criteria which had hitherto been based strictly on the number of academic staff and to which the college had been raising objections in... the past.'*

This mentality of being unfairly treated or unjustly represented is another aspect of the institutional culture that has drawn some members concern, as remarked by one middle manager,

*'somehow there is a cross-the-board sense of inferiority. Students feel this way because HKBU is usually their last choice. Faculty members have been given the impression that they are not doing a good job in areas of research or other scholarly activities. That's why they have to be constantly reminded'*

Although there are comments like:

*'Not being treated with respect and trust,'* (from one academic member)

or

*'not being valued,'* (from a middle manager)

it, however, depends on the ambience in individual faculties/schools.

*'We are probably the only institution which has programmes meeting the needs of European marketers. The European studies has a high market demand and we can attract very good applicants.'* (from one middle manager)

*'Because we are able to provide very good conference facilities, the business has been good. It has kept us very busy.'* (from one manager)

*'The market demand is such that we don't have to do much promotion. We are already very busy with training programmes for the Chinese officials.'* (from one senior manager)

### **II.3.3. Venturing 'frame-breaking' changes**

Since 1995, there have been several inter-institutional projects in operation. These projects were initiated to meet market demand and they require the support from Central Management of participating universities. Based on the information that

*'the UPGC had informally raised the issue of organising taught postgraduate courses through inter-institutional collaborations, with the view to cutting down costs while increasing the choice of courses available.'*

SECO members discussed possible collaboration with other institutions for providing not only postgraduate but also undergraduate programmes. As there has been a decreasing relative demand for pure science courses in Hong Kong, HKBU, City University of Hong Kong (CityU), Hong Kong Polytechnic University (PolyU) and Hong Kong University of Science and Technology (HKUST) have joined together to establish a system of common subjects in order to operate more cost-effectively. Students from these institutions are allowed to take subjects offered at any of these four universities.

As the democratic movement flourishes in Hong Kong, students voice their opinions in a more aggressive manner. The Student Assembly which has been a tradition for HKBU from its early days as a Christian institution and its relationship with 'whole-man education' have invited open debates within the University. This is a matter of not only building institutional culture but also projecting an institutional image in the society. The University decided to change it to "Complementary Studies" and, in 1994, to adopt Baylor University's (a liberal arts university under the Southern Baptist Convention in Texas, USA) example by giving students options of participating in other "recognised" activities, such as on-campus study programmes and/or community projects, as a substitute for part of this programme. Although the programme co-ordinator reiterates that this revised programme aims to cultivate students to acquire proper moral conduct, intellectual development, bodily fitness, ability to participate and organise, and a view of excellence for doing anything, the Student Union objects strongly to a compulsory general education. Consequently, HKBU collaborates with CityU to offer a voluntary General Education course for undergraduates starting from February 1996 (Wong, 1996). Its curriculum has a complete revision from the previous one offered at HKBU. In contrast to the entire subject matters related to philosophy and theology previously, CityU offers additionally Hong Kong related subjects. These four modules are Hong Kong in Transition; Issues and Challenges; Interpersonal Relations, Perspectives of Science and Technology; and Buildings of Hong Kong. HKBU, on the other hand, continues to offer Introduction of Philosophy and Introduction to Christianity. The only other

university offering general education is the Chung Chi College of the Chinese University which enforces students' attendance.

#### **II.4. External marketing**

The historical background of HKBU makes it inevitable that the University suffers from an inferior image as perceived by the Hong Kong public. Since the preparation stage of re-designation in early 1994, the University has increased significantly its media exposure which accounts for a major part of the institutional promotional effort. Marketing issues and functions to students, funding councils, industry and donors are summarised and depicted in Figure 8-3. Based on the supplier/user relationship, discussions of the University's marketing strategies will be categorised in the segments indicated in Figure 3-2.

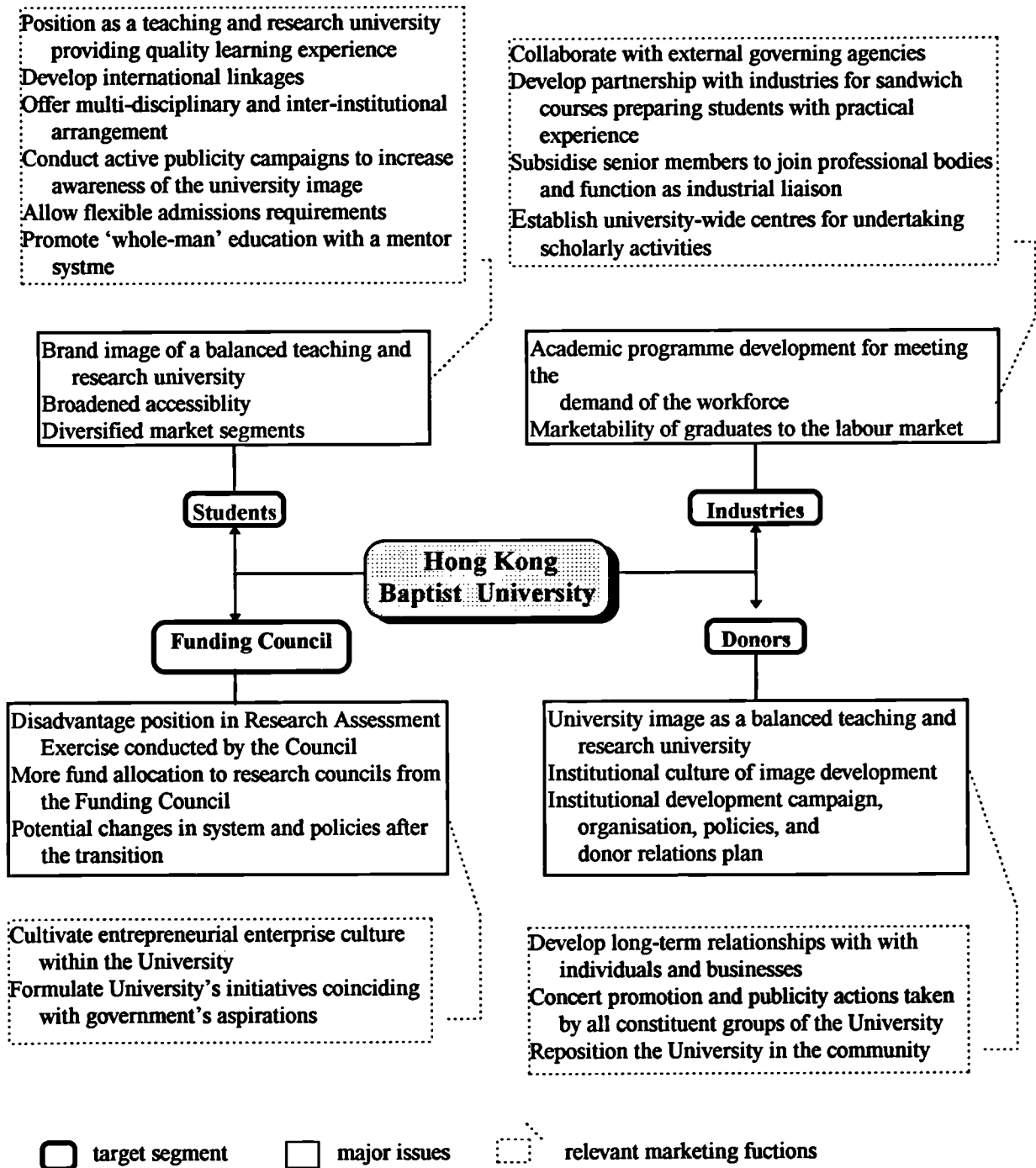
##### **II.4.1. Students**

HKBU has been in a less favourable position in terms of attracting best performers in the A-level examination for historical reasons already mentioned. In the aspect of competitor-focus, the University has since its re-designation widely publicised its differentiation, with 'the whole person education' and 'international linkage and collaboration' to attract interest. The Institutional Mission published on Internet elaborates on 'the whole person education':

*"Hong Kong Baptist University is a Christian institution of higher learning...(with a) commitment to uphold Christian principles in the pursuit of knowledge and truth...(and to) educate the whole person to be well-balanced in academic achievement, professional competence, and character development." (HKBU, 1996a)*

As the University is not in a 'star' position to monopolise the market, most of its undergraduate programmes operate in the 'Supplier-Specified and User-Active' quadrant.

**Figure 8-3 External marketing for HKBU**



#### **IL4.1.1. Strategies for the segment of ‘Clients’**

In 1994, the Government introduced the Joint University and Polytechnic Admissions System (JUPAS) whereby students are matched against their priority lists of twenty programmes with the merit requirement of individual institutions. All of the seven publicly-funded tertiary institutions in Hong Kong joined this system. Prior to having this system, students applied to universities individually. Those with higher A-level grades had a choice of selection. Some of them may select the university while others may focus on academic programmes. Because students submit their priority lists before taking the A-level examination,

*“there have been many cases where better performers are offered choices of a lower priority.” (Chao, 1994)*

Approximately sixty-five percent of JUPAS applicants requested to change their priority lists after the announcement of the A-level results (Editorial, 1994). The trend now is that students have to juggle between their expected performance in the A-level examination and the likelihood of being admitted to the programme of their choice. Starting from the academic year 1997-98, JUPAS applicants are allowed to re-prioritise their selections after the A-level results are posted. This sequence of change in admissions procedure has significant implications for HKBU’s student recruitment for mainstream tertiary education. Some of the implications are discussed in the following section.

HKBU used to use more aggressive promotional activities to prospective students by sending materials to secondary schools under the Baptist Convention of Hong Kong and others. Since the creation of JUPAS, HKBU has to join the other rival institutions on the JUPAS open day. How to attract students to come to HKBU rather than to other institutions has become a challenge to the University. Basically, the University has continued school visits and other promotional campaigns not only to prospective students but also their parents and teachers who are considered to be main influences on students’ choice. The University, one member in IPRO explained,

*'used not to join Education Expo in the past, but we joined the one recently organised by Trade and Development Council in the Hong Kong Exhibition Centre earlier this year (1995).'*

In addition, HKBU has a Homepage on the Internet and a Section on Student Life to provide prospective students with a more comprehensive picture of the campus life at HKBU. As student tuition fees have increased dramatically in recent years, a section on Scholarship and Financial Assistance attempts to attract capable but needy students. Whilst some of the departments have a better image among prospective students, the general image of the University does not appear to have been enhanced by any systematic means. Although HKBU has increased its exposure in the mass media, most of news releases are informative and they mainly focus on introducing the content of a variety of subjects and course structures.

The University has several courses that are the first ones in Hong Kong, namely BA in Physical Education, BBA in China Studies, and BA in European Studies. The last two courses provide students with opportunities to learn and work in China and European countries, respectively. Moreover, European Studies is designed to have a four year system with a sandwich-year of practical training in Europe. Currently, there has not been a notable shortage of the student pool to undergraduate programmes in general. However, there have been concerns about questionable quality of new entrants for some of the departments with lower demand. These departments, therefore, have some flexibility in programme design. The Faculty of Science allows multidisciplinary arrangement for students. Students may major in two options simultaneously, for example, Physics and Computer Studies.

Since becoming a university, building a university culture at HKBU has been a live issue. As clearly indicated in the 1994-95 Annual Report, President Tse (1995) believes that

*"culture... are linked by their historical roots... [which] stretch back as far as Christianity and its beliefs,... putting these beliefs into practice has meant pursuing the ideal of 'whole-person education' and a dedication to knowledge and truth." (p.3)*

When HKBU was approaching attaining university status, SECO members suggested reviewing the strategic approach to managing student affairs.

*'SECO could deliberate and reach a conclusion as to whether on balance the existing approach should continue instead of moving to a less "paternalistic" approach putting more emphasis on self-discipline and self-management by the students themselves. ... The Chairman concurred on the timeliness of the proposed discussion. He commented that the college needs not feel apologetic for adopting a paternalistic approach towards managing student affairs provided the advice given to the students was not imposed on them... and allowed to exercise their own judgements based on the advice received and be accountable for their own actions.'*

The Student Affairs Office (SAO) which comprises Activities and Amenities Section, Counselling and Development Centre, Placement Centre, and Student Health Services functions as a liaison between students and Central Management. In addition to services provided directly from this Office, by incorporating with the Alumni Affairs Office (ALO), SAO also assists Student Union and other on-campus functions organised by various student societies.

Marketing strategies for existing customers concentrate in general in providing tangible facilities for teaching and learning. The new Shaw Campus which was completed in 1995 provides students with a more spacious environment overall, up-to-date computer equipment and lecture facilities, and a modern sports stadium adjacent to the campus. It also houses the new library which has 600,000 volumes of references, books and over 6,000 titles of journals with the state-of-the art automated library system and a special collection of rare materials on contemporary China studies. Students can also benefit from the library's close connections with other major libraries in Hong Kong and overseas through the electronic networks and the inter-library loan system. The Centre for Educational Development (CED) provides audio-visual equipment campus-wide and services for improving students' learning skills. A recent donation of HK\$0.6 million was invested in improving language laboratory at the old Ho Sin Hang Campus.



As for the capabilities of services providers, the CED offers in-service programmes for not only teaching staff but also administrative staff. Financial plans are then to be utilised to monitor the effective use of funds in these development. The service ethic and quality of services provided, however, have not been found as an issue for the University in its plan for staff development. As these existing customers will eventually contribute to the fund-raising activities of the University as alumni, relationship building while they are at school should be more important than just being in the SAO or ALO's agenda.

#### **II.4.1.2. Strategies for the segment of 'Consumers'**

The VC indicates in the 1994-95 Annual Report the University's intention of exploring other student segments for the expansion of its programmes:

*"Since we have already reached the age-group student quotas set by the Government, we are not planning a major increase in full-time course enrolment. We shall however pro-actively move in the direction of satisfying the great demand for part-time degree opportunities for young people." (p.4)*

In addition, the most recent change in the JUPAS procedure as mentioned in the previous section has drawn much concern from Faculties/Schools, particularly those with lower demand in the first place. Students will not make commitment to enrol in HKBU's programme until the announcement of the A-level results. By then, it does not allow much time for the University to process applications. Some of the departments are worried about not being able to recruit enough students to meet their quota. One senior academic leader suggested in an internal meeting that

*'the University should seriously look into alternative sources of applicants, such as mature students and candidates with equivalent qualifications from the Open Learning Institute (OLI) and other continuing education programmes.'*

These segments of the student market fall into the quadrant of 'Consumers'.

The University is starting to offer some part-time taught degree programmes with high market demand, such as MBA, Master of Education, MA in Media Studies, and Master of Social Work. The target segment for these courses is predominantly working people who are motivated or are required by their jobs to advance their formal credential. There has not been systematic evaluation on marketing strategies for these part-time taught masters programmes for this segment of customers. The responsible Faculties/Schools have promoted these programmes and other existing ones mainly by joining exhibitions and placing advertisements in the newspapers and/or other print media. Research based postgraduate programmes, on the other hand, have experienced a low number of intakes, mainly due to the restricted quota allocated by the UGC (Secretariat, 1995). The University is seeking ways of establishing a postgraduate culture by providing graduate common rooms and collaborating with sister institutions in providing preparatory courses, such as research methodology and language.

The President has recently proposed the idea of a 'Summer Institute' which offers international business subjects to students from institutions globally in order to maximise the utility of new facilities (Editorial, 1996a). This institute will invite faculty members world-wide to guide the students' learning process and provide opportunities for participants to exchange ideas, experiences, and information among themselves. This novel approach requires a tremendous amount of time and effort in collaborating among participating institutions in arranging accreditation for courses offered and faculty members with appropriate calibre and qualifications. The planning of promotional campaigns will also be pivotal in ensuring the success of this programme by recruiting enough good quality students to join the inaugural programme which is important for building a reputation for the Institute.

#### **II.4.1.3. Segment of 'Customers'**

Companies in Hong Kong have been providing in-service training through "outsourcing" in order to attain cost-effectiveness (Editorial, 1996b). The Business

Research Centre (BRC) of the School of Business and the School of Continuing Education (SCE) are the active ones involved in programmes in this segment of 'Customers'. These programmes are considered to be income generators for the University as a whole. BRC conducts a number of training programmes for companies and professional bodies in Hong Kong and China. It also co-ordinates several school-wide consultancy projects. So far, the market demand has been driving the business for BRC which has not been aggressively promoting itself.

The School of Continuing Education (SCE) has offered a number of adult learning programmes since its establishment as a Division of Extramural Studies. One of its staff members claimed:

*'Since the SCE is not funded directly by the government, it may plan its programmes according to the market needs, unlike the university whose academic planning requires the UGC's approval... (However), SCE's academic planning should be in line with the university's mission and goals.'*

Central Management has recognised in 1993 that there should be a forum/mechanism for co-ordinating different players in this segment, namely School of Business, SCE and IIBD. The same informant indicated:

*'According to the new organisation in May 1996, there is Board of Continuing Education (which) includes representatives from individual Faculties/Schools... This new organisation is meant to enhance inter-faculty/school communication.'*

The same informant shared:

*'Those full-time courses with good prospect offered by regular faculties/schools could in fact be considered to be marketed to different target segments by SCE with collaboration of respective faculties/schools',*

Currently, several other business school has done what was suggested by this informant. HKBU has not actively pursued this direction because, remarked one senior academic member,

*'there is a trade-off because we have quota on student numbers imposed by the UGC. It needs more planning.'*

SCE offers a variety of programmes for target customers in this segment, such as short interest courses, diploma and certificate programmes, A-level programmes, professional qualifying programmes, and part-time degree programmes. All of the programmes are provided to mature students who purchase the products as customers for other products and services in the business sector. SCE has basically adopted conventional promotional tactics, such as direct mailing, posting, information talks, database marketing, press releases to promote the school, participating in expo's with the University, and personal networks of the staff. The promotion of individual programmes is, however, the responsibility of their respective programme co-ordinators' with assistance of the in-house PR Co-ordinator. As the University is looking into ways to expand its target segments, SCE collaborates with the Department of Education Studies to offer the first HKBU accredited BEd (Hons) degree programme in 1996. However, because its faculty members are expected to produce quality teaching and research for the mainstream segment, the University discourage them from participating in teaching SCE's part-time degree programmes which are offered in association with external educational institutions.

#### **II.4.1.4. Marketing of full-time undergraduates**

In general, SAO is the university-wide office responsible for organising recruitment talks with prospective employers for HKBU's graduates and the Office conducts survey on employment situation of graduates. Some departments operate independently on following up on their graduates' employment situation or introduce students in-process to the market by internship arrangement with industries and through networks of academic staff. A novel approach adopted by the European Studies Department is to include a one-month orientation programme for new intakes in order to prepare these students for subsequent internship in Europe. The issue now is how to market these graduates to local or regional markets.

#### II.4.2. Funding Councils

Interfacing with Funding Councils is not new to HKBU. Particularly after officially becoming a UPGC-funded institution in 1983, President Tse has constantly been interacting with the UPGC in terms of determining the institutional mission and strategic directions for development. The academic leader indicated in the interview that

*'the president's role is basically an "advocate" to interpret the mandate as broadly as possible and communicate the interpretation back to the UPGC.'*

The UGC (previously UPGC), in general, forwards to individual institutions its policy statement which indicates different roles for the funded tertiary institutions for their comments and agreement. This policy statement

*"sets out, in greater detail, the background leading to the formulation of such a differentiation of roles... (It) is largely based on the roles the institutions have chosen for themselves, taking into account historical factors and the evolving needs of the local community." (UPGC, 1992, p.2)*

A lengthy negotiation period would have taken place prior to the publication of this kind of policy statement. It is, however, well understood that it is difficult for the Government to have much significant deviation from its initiatives.

Table 8-1 lists the percentage distribution of HKBU's income portfolio which shows public funding has accounted for a significant amount from 1989/90 to 1995/96. It is very natural for the University to consider the Funding Council as a major customer whose demand is important to be honoured. Since becoming a public institution in 1983, HKBU has to make a number of concessions and changes in its structures. For example, in order to attain the Government's recognition and financial support, HKBU was forced to abolish its Civil Engineering Programme which was then a very successful course. Furthermore, the University has also voluntarily initiated some structural and policy changes in an attempt to appease the Funding Council.

**Table 8-1 Percentage distribution of HKBU's income portfolio**

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
<b>UGC Recurrent Grant</b>	73.8	71.4	77.1	81.8	64.6	61.7	69.5
<b>Tuition Fees</b>	12.0	14.5	12.8	12.3	15.0	22.7	18.2
<b>Research Grants</b>	1.0	1.0	1.0	0.7	1.0	0.7	3.1
<b>Endowment</b>	6.6	6.6	4.3	0.3	13.6	9.7	5.2
<b>Other Income</b>	6.6	6.5	4.8	4.9	5.8	5.2	4.0

HKBU instituted in 1990 the Vice President for Research and Support Services who anticipates as well as interprets policies of both UGC and RGC and oversees deployment of funds to ensure external accountability of the use of these funds. In addition, the University established a number of committees since the 1990s for monitoring the planning and quality assurance of academic programmes and their delivery. Their names and terms of reference have had some adjustments over these few years. In addition, Central Management recruited a Hong Kong Council for Academic Accreditation (HKCAA) veteran in 1992 to head new Academic Quality Support Section under the Academic Registrar. She also serves on the following new committees: Academic and Professional Standards Committee (ASPC) and Course Accreditation and Review Committee (CARC). With her background, she has been instrumental in implementing a number of internal audit procedures for teaching quality assurance. One academic member expressed,

*'the academic matters in this University have become more and more bureaucratic. We have to adhere closely to their regulations and lose our academic autonomy as a result.'* (B10)

Nevertheless, the University may have achieved what it set out to accomplish - a better image perceived by the Funding Council. The report from the recent Teaching

and Learning Quality Process Review (TLQPR) conducted by the UGC of Hong Kong (1997) may shed some light on this accomplishment:

*"The TLQPR Panel and the UGC were impressed with the Hong Kong Baptist University's goal of educating the whole person and with its success in achieving this goal... Curricular design processes appear to be well organised, though perhaps somewhat over-centralised." (p.1)*

However, times might have changed from how the Funding Council operated in the past. The favourable impression might not have a direct correlation to how the Grants Committee funds an individual institution. The UPGC (1993) recognised the incoming rivals from Southern China after 1997 and advocated incorporating centres (later termed as areas) of excellence in higher education institutions in Hong Kong. Although there were no explicit guidelines on how these scholarly activities are being evaluated and rewarded in terms of funding, the signal was clear that each institution needs to develop new orientations on their own initiative. Therefore, taking into consideration the constraints set by the Grants Committee, the University has by and large autonomy in planning its future. In fact, a number of UGC's post-visit reports have revealed that the quality and marketability of academic programmes and research outputs are important leverages for the University to negotiate with the Funding Councils.

#### **II.4.3. Industry**

The question of whether an "industrial liaison officer" should be established as a institutional-wide post or a Faculty/School establishment was raised in the early 1990s when planning for university status. It was pointed out in an internal document that

*'although some of the other institutions already had industrial liaison officers in post servicing the institutions at large, the institutions did not seem to have benefited substantially from such a structure.'*

Members held the opinion that it might be more useful for each Faculty/School to have their own. Moreover, academic Deans themselves may have already been the *de*

*facto* industrial liaison officers for their respective faculties/schools. The resolution then was for the University to fund corporate memberships and individual memberships for senior members, such as academic Deans, to join selected professional bodies. In addition to this channel of communication with the industry, renowned lay members are invited to participate in the Advisory Committee of individual Faculties/Schools and advise them on academic programmes development. A number of faculty members are on their own continuously seeking industrial connections for student projects and/or research collaborations as well as consultancy and training opportunities. University-wide Centres have been established with a purpose of integrating these efforts.

HKBU established in November 1993 a university-wide institute, the Wing Lung Bank International Institute for Business Development (IIBD), which is a consortium of universities across the globe for promoting consultancy and business development. The objective of this Institute is to facilitate reciprocal business activities of individuals and organisations around the world, focusing initially on China and other East and Southeast Asian countries (Chan, 1994). Based on a market survey prior to the initialisation of IIBD, the Board proposed in their first meeting directions and some possible functions for IIBD. In principle, IIBD should serve as a “knowledge broker” among the consortium member institutions as well as between them and industries in their respective markets. IIBD has the capability of providing *bona fide* global perspective to businesses due to the composition of their membership. Action plans aim to capitalise on this competence of the Institute. As this is an institution-wide centre, its collaboration with individual Schools and Faculties is essential for it to effectively execute some of its activities, particularly with both School of Business and the SCE which has had existing collaborations with Vocational Training Council and its subvented technical colleges to offer in-service training and certificate courses to firms in Hong Kong.



#### II.4.4. Donors

The IPRO invited Mr. Pat Pattillo, an consultant for institutional image development in 1990 to evaluate the University's activities in this aspect. He suggested that

*'there must be concerted actions taken by all constituent groups of the college, including members of the governing bodies, faculty and staff, students and alumni, in order that the institutional image of the college could be raised and re-positioned in the minds of the community.'*

During 1991/92, SECO members reviewed proposals for strategic and operating principles for institutional-wide fund-raising and alumni affairs activities in order to generate additional funds for academic development, capital work and research needed but not yet funded by the Government. The members recognised that a Development Officer would be important for integrating and co-ordinating these activities so as to promote a 'unified' image of then HKBC, avoid duplication of efforts and resources, and enhance understanding between the Administration and Faculty. The University eventually instituted the Office of University Relations (OURS) in 1994 and included in its purview both the Alumni Office (ALO) and the Information and Public Relations Office (IPRO) which comprises Sections of Public Affairs (PA) responsible for public relations and Development for fund raising. As the Director of OURS once indicated at SECO, this Office should develop a systematic and comprehensive plan for fund-raising activities. Currently, however, according to one member of the office,

*'the Office plans according to the foreseeable events. Basically, these events are determined by Central Management, if not only the President... As far as we are concerned, the President represents the University and he is very important for our fund-raising activities.'*

PA has two major functions, namely media relations and publications. This office oversees press releases, press invitations, press conferences, press briefings, press interviews, and answering media enquiries. They publish a number of university-wide publications for internal and external communications. *Newsette* circulates among

staff to inform them of activities on campus. *Gopher* has much broader target markets. *New Horizons* which is published twice a year aims at faculty, students, donor, and members in the Court and Council. *Baptist Fax* which is a quarterly publication consists of an editorial board with members from CED, SA (Student Affairs), ALO, and IPRO. Another important publication is the *Annual Report* of the University. Public relations and publicity have utilised media like publicity leaflets and pamphlets to students, prospective students, and visitors to the University. In contrast to the impressive publications of HKUST or CityU produced by their central publication unit, instead of investing substantial resources into such a unit, the University set up a committee to co-ordinate and monitor all publication work institution-wide. There has not yet been an evaluation on the effectiveness of the operation of this committee.

HKBU is beginning to either participate in or organise its own high visibility programmes. The University for the first time joined 1995 Education Expo organised by Trade and Development Council in the Hong Kong Exhibition Centre. It also organised high-profile celebration of the University's re-designation in 1994 and its 40th Anniversary in 1995. Much effort was devoted during these events to build up relationship with the University's alumni.

Fund Raising activities, on the other hand,

*'have mainly been targeted at the long term friends of the President. After all, President Tse has been with HKBU for 23 years,'*

according to one internal staff member,

*'other than that, we would identify potential donors by news clippings or other sources, and then forward them to the President to contact those potential donors.'*

In addition, Council Members of HKBU are target donors as well. There are other people who have made donations to the University and some of the buildings or campuses are named after their names. Many donors are willing to donate under the following considerations, as indicated by an informant,

*'(a) HKBU is a Christian institution, (b) long standing relationship with the President, and/or (c) the institution being from a private institution to a university and able to contribute to the society has impressed many people.'*

From the IPRO's point of view, the top three programmes in demand are BBA, Communication, social work. The current 'selling points' of HKBU are David C. Lam Institute for East-West Studies (the international link); strengthened research in the University; and particular academic programmes, such as BA in physical education (1st in HK), BBA in china studies (1st in HK), BA in European studies (1st in HK), MBA (shortest duration), MSc in scientific computing (1st in East Asia), MSc in analytical chemistry (1st in HK), and BSc in combined sciences. However, not until there is a real market demand can these "firsts" capitalise on their standing as well as contributing to the overall image of the University.

Recently, a database of 18,000 alumni was established. *Baptist Telefax* on information of alumni is published twice a year. ALO plans and co-ordinates annual homecoming events and the alumni reunion programmes which are important for fund raising among alumni. As the University is relatively young, most of its alumni are not well established. It seems more important and logical at this stage to raise the profile of the University and to create goodwill among alumni. Even prior to leaving the University, reaching out to students in order to cultivate a sense of belonging and the pride of being the "Baptists" helps to create bonding between alumni and their alma mater. Currently, ALO collaborates with SAO to assist and/or sponsor functions of student societies. Similar to several universities in Hong Kong, a Baptist U Card, a credit card distinguishing HKBU's identity, was made official in April 1995. All the proceeds will go to a newly established "Hong Kong Baptist University Credit Card Fund". As President Tse (1995) indicated,

*"... the Baptist U Card, specifically designed for members of this big family, will further strengthen their unity and enhance their sense of belonging."*  
(p.21)

### **III. Case Study Summary**

In its journey to becoming a public university, HKBU has recognised the importance of satisfying demands of its major customer, the Funding Council. Due to its constant financial stringency, fund-raising, promotional campaigns for recruiting students and other marketing activities have been very familiar to Central Management of the University. In addition, during its early days, the University was forced to plan not only academic programmes for students in supplier-specified quadrants of the taxonomy of M.A.P. but also those for the 'Consumer' segment. After the University became a publicly-funded institution in 1983, its policies and strategic directions appeared to focus on complying with the regulatory guidelines. However, different from the Funding Council's advocacy of the mission for HKBU, Central Management holds a strong view that the University should continue to strengthen its research capabilities university-wide.

Central Management consolidated the University's fund-raising activities into a central organisation in 1994. After re-designation to university status, this office has been aggressive in increasing publicity and media exposure for the University. In addition, more committees have been established and more guidelines have been published to reinforce quality assurance of teaching. It is found in this case study that interviewees have different views on whether the University is becoming more market-oriented or administrative-driven. Central Management has always been managing the University with an entrepreneurial approach since its inception. The research found no substantial evidence to indicate institution-wide cultivation of intrapreneurialship from basic units. The University's effort in promoting internationalisation has been well publicised after re-designation as an organisational renewal strategy. It is, however, becoming a trend in Hong Kong higher education community. A number of frame-breaking changes have been adopted in terms of integrating academic programmes inter-institutionally and inter-disciplinarily in order to efficiently utilise the resources. How to differentiate the University's programmes from others and, in turn, to project a desirable image is becoming a new challenge to Central Management.

As public funding will contract in the coming triennium and yet the University is in the process of developing areas of excellence, the challenge then is how to identify its competitive advantage and positioning and integrate many of the current activities accordingly. When the “hardware” (the system) is in development, the “software” (the people and institutional culture) is really the engine to move the entire University forward and upward to a higher plateau.

## **CHAPTER 9 CONCLUSIONS AND DISCUSSIONS**

This research has examined the evolution of the idea and purposes of higher education in Britain and Hong Kong, their systems and strategic marketing practices in relation with the changing external environment. Four case study universities have been investigated in terms of their current marketing activities and strategic management for student recruitment, research policies, development campaigns and course developments that have direct implications on universities' income generation. The paradigm of strategic marketing management for industry has evolved from the formulation of operational marketing strategies, to strategic planning with a market-orientation. Many companies are becoming learning organisations in today's rapidly changing environment. These learning organisations in transition comprise entrepreneurial and market-oriented cultural components (Slater and Narver, 1995).

The recently published Dearing Report (1997) advocates 'Britain - the learning society' being the vision of higher education for the next twenty years. In contrast, the new Government of the Hong Kong Special Administrative Region expects universities to shoulder the responsibility of nurturing future leaders for Hong Kong (Tung, 1997). This project postulates a typology of strategic marketing management with elements of entrepreneurship and market-orientation for universities in this transitional period of national development. This final chapter revisits the contemporary context where universities operate in and impetuses for change. On that basis, the researcher integrates lessons learnt from the case study universities with theoretical frameworks of institutional entrepreneurship and the integrated M.A.P. into structural constructs for future research and empirical testing.

## **I. Contemporary Context of Higher Education**

As discussed in Chapter one, higher education has evolved from a function of simply producing capable youngsters for the service of the state or church to a more complicated role of providing an environment for knowledge pursuit and producing cultivated citizens and, in the 1990s, to producing a complex product which is in constant tension between

*“essential, or liberal, higher education and instrumental, functional, mostly employment-oriented education.”* (Duke 1992, p.4)

This dichotomy between the liberal and the useful in higher education has been pervasive in British culture and the history of education in the past centuries, its precise form reflecting the changing external and institutional environments. When being provided nominal financial support by the government, universities operated in a less regulatory, less controlled environment. Consequential to the government's realisation of universities' contribution to national economic development and its financial liability to higher education, the British higher education system is compelled to evolve in accordance with its external economic and political environments.

Hong Kong, being a British colony during the period of the research, basically followed the British system and adopted similar changes particularly after World War II. As the colonial government in Hong Kong considered higher education as a public service (Griffiths, 1984; UGC, 1996), the development of higher education in the Territory was dependent on the government's aspirations in responding to the demand of the local labour market. The dominant discourse of higher education in Hong Kong encompasses this utilitarianism and the aspects of pragmatism and instrumentalism of Confucianism. The Hong Kong Government places more emphasis than Britain on professional education and vocational training. The majority of its resources have been allocated to professional and applied disciplines rather than liberal education and basic scientific research. The shift of sovereignty to China in 1997 raises speculation on possible changes in terms of the direction or even possibly the

purpose of higher education in Hong Kong. When planning for their future, universities need to carefully scan the public environment, internal market, competitive environment and macro-environment so as to formulate their missions, goals and objectives to achieve institutional success and societal welfare (referred to Figure 3-3).

### **I.1. Issues of environmental scanning**

The macroenvironment and competitive environment are both generic elements for any organisation competing in a market where, according to the simplest phraseology, buyers and sellers exchange money for goods and information. Some studies have argued that the higher education system is merely a quasi-market (Glennerster, 1991; Bartlett and Le Grand, 1993) where there are other influences interfering with pure market forces on exchanges. Although this research does not focus on these debates, as indicated in the beginning of this thesis, it does identify the public environment as an important factor warranting scrutiny in an environmental scan. The two elements of this public, namely government and general, experience various types of tension depending on the socio-economic system they are in (Williams, Liu, and Shi, 1997). Demands of the 'general' element which includes industry and society at large, their external climate and relations, and the value system of their constituencies would influence government's policies, regulations and strategies for development. The tension in government is also a determining factor for policy making (as illustrated in Figure 1-1). Different political parties may have their own agenda and concerns when formulating policies. The recent rapid technological advance and socio-economic development have intensified this influence in terms of the public's expectations of quality and relevance. This research has examined the contemporary expectations of the public and Section I.2. delineates this contextual construct for the typology of strategic marketing management of universities-in-transition.

Studies of public sector organisations indicate that the complexity of operation is basically based on the nature of organisational structure, motivational programmes,



decision makers, organisational culture and environmental as well as organisational constraints (Hafsi and Thomas 1986). When strategically planning market-oriented policies in the higher education context, it is important for managers of universities to have a good level of appreciation of interfaces between marketing with other functions and participation of internal stakeholders. Figure 3-3 specifies the internal market as one of the constituencies for an environmental scan. This internal market which entails institutional customs, constraints, internal stakeholders' perceptions, and more tangible resources is comparable to Clark's (1983) basic operating units and primary working groups and Becher and Kogan' (1992) individuals and basic units. Tension resulting from both external and internal changes in a university-in-transition has been observed in the case study universities. Section I.3. will visit this issue more in detail.

## **I.2. Public's expectations**

Universities in Britain as in the United States have in the past had the freedom to recruit the ablest and most creative people who can be attracted into academic life, to provide an environment of freedom in which professors can do their work without constraints or external direction (Bok, 1982), and meanwhile to acknowledge the need to respond to society's demand (Becher & Kogan, 1992). As discussed in Chapter 1, the Robbins Report in 1963, together with Crosland's White Paper on the Binary Policy set out a monumental change of direction for higher education in Britain. The Tory government in the 1980s promulgated a number of policies to help achieve efficiency, economy and standards in schools and universities which are significant cost centres for the public spending. *A Strategy for Higher Education into the 1990s* from both NAB and UGC (1984) advocated a principle of mass education for the first time and signalled a fundamental shift for greater selectivity in the allocation of UGC resources based on effectiveness in research (Shattock, 1994). The later funding formula which differentiates between institutions in respect of research excellence has major implications on the planning of universities.

The pressure has been ever growing today, from both industry and the public sectors, on universities to produce technically educated or skilled people in various fields to meet demand of the labour market. Some scholars in both Britain and Hong Kong (Scott, 1984; UPGC, 1993) have suggested a diversity of institutions to satisfy these more diverse intellectual needs rather than relying on the internal flexibility and adaptability of the university tradition. However, the reality has forced the conventional elite universities (Oxford, Cambridge and a few others in Britain and HKU and CUHK in Hong Kong) to gradually become part of the system of higher education and “donnish domination” (Tapper and Salter, 1992) has diminished. Although these dons continue to enjoy more handsome funding due to the fact that the current funding formula favours the more established research universities (examples from the case study universities are Warwick and HKU), they are no longer separated, at least operationally or functionally, from the diversities and pluralities of outside society as much as they used to be or they would like it to be (Niblett, 1974; Lovatt, 1987).

Insofar as research, on the other hand, universities are under the pressure from industry and funding councils for new technologies and innovations. The allocation of resources for research has become more directly influenced by the central authorities’ and industry’s view of what would be important to be researched. While both the Jarrat Committee in Britain, and the Hong Kong government propose decentralisation of accountability down to the cost centres within each institution, the monitoring of performance and allocation of resources have actually become more centralised at the institutional level. All of the four case study universities place an emphasis on research activities. Both Warwick and HKU are well recognised ‘research universities’. JMU explicitly acknowledges the fact that its faculty members’ competencies constrain their research to a more empirical arena, whereas HKBU conforms to the requirement of UGC and pushes hard for ‘academic research’ which should produce publications in academic journals.

Since higher education has been recognised as having a direct impact on economic growth and social development, universities have become a prime instrument of

national aspirations. They, particularly in Britain, are inevitably confronting tension between strong inherent liberal thinking of being autonomous in their operation, pedagogical teaching and quest for knowledge; and contemporary external accelerated momentum of market-led movement by being expected to operate as business enterprises to meet the customers' demand and to attain customer satisfaction. Barnett (1990) aims in his book *The Idea of Higher Education* to provide a conceptual understanding for recovering and implementing a liberal higher education in this chaotic transition phase by taking into account philosophical, sociological, psychological and economic elements. However, in the end, Barnett himself reckons that "the inescapable social basis" of higher education makes it difficult for purely philosophical exploration to actually achieve a well grounded educational theory. Instead, the key should be a process of self-criticism which, in Barnett's expression, is

*"a cycle of self-reflection, self-understanding, and seeing (universities) themselves in a new way... (that is) achieved... for and by themselves."*  
(p.190)

This self-critical and reflective mode of thinking provides a starting point for the framework of market-led strategic thinking. The Hong Kong's UPGC's (later named UGC in 1995) Interim Report (1993) also advocate this type of thinking and signifies the importance of universities in Hong Kong being able to develop themselves in order to meet future competition from Southern China after 1997. It advises the institutions to identify their individual strengths and to position themselves strategically, hopefully in a more diverse and complementary manner. The Funding Council would, in the meantime,

*"encourage and reward excellence in each of the institutions' activities, including teaching, research, and other scholarly activity in accordance with its specified role and mission."* (p.i)

There are, however, no explicit guidelines on how scholarly activities are being evaluated and rewarded in terms of funding. The signal is indicative for universities to develop new orientations on their own initiative based on their understanding of

market demand and self-analysis of internal competencies in order to strive for excellence in this competitive community. However, the funding formula continues to encourage conventional pure scholarship and research. In recent years, the nature of the main industries in Hong Kong has changed from manufacturing to financial and management services. Employers in Hong Kong are starting to experience the adverse effect of the societal norm of self-serving and short-term perspective and have expressed their discontent with graduates lacking abilities to communicate, visionary perspectives and perseverance (Cheung and Luis, 1988).

In summary, contemporary universities have more functions to fulfil than used to be the case. They are expected to be high quality and cost-effective institutions that provide for the advancement of knowledge, the pursuit of scholarship, the education of students for their vocational endeavour and opportunities for lifelong learning, thereby playing their vital part in fulfilling the needs of the market, including the social and economic development of the nation. Their participants have expanded from the age 18 to 22 group to more mature students (mostly part-time) from all walks of life with the motives in career advancement and/or self enhancement.

### **I.3. Internal responses to change**

Universities are experiencing a changing discourse and philosophy of higher education, funding mechanisms, and the market environment. The resulting instability and uncertainty create

*“a need for adaptation in individual roles and attitudes as well as in organisational structures and cultures.”* (Middlehurst, 1995, p.76)

Alternative values, such as competition, accountability of and to stakeholders and ‘managerialism’ have emerged to challenge traditions of collegiality, autonomy, individual freedom, committee and consensus decision-making. Universities in this transitional state have been trying to adopt marketing tactics in areas of income generation and target market expansion for both educational and scholarly activities.

However, without a thorough comprehension of, and identification with, the discourse of consumerism, many of these marketing activities seem to be merely operational and piecemeal. In addition, it is observed in the case study that lack of 'appropriate authority' or overall planning of budget, the responsible 'managers' for marketing activities need to argue with relevant departments for their collaboration and, in some cases, cost-sharing. To ensure effectiveness of marketing activities, it is important to have a 'central authority' with 'appropriate power of command' in facilitating collaborations among all parties involved and to cultivate university-wide market oriented enterprise culture.

As discussed in Chapter Three, as higher education's environments have changed in terms of contraction of public resources and increasing accountability, academic bureaucrats and administrators have become differentiated and connected with a third segregated group (Bensimon and Neumann, 1993; Kogan, 1995). Figure 3-1 depicts the organic structure of a market-oriented university wherein exist three main segments of the internal market, namely central management, faculty, and administration, with committees inter-linking the decision making process. Each has a separate set of roles to play and functions to fulfil. In the case of the university becoming more market-oriented, faculties, as the basic units, conduct competitive analysis externally and evaluation of internal competencies prior to developing academic programmes and other income generating projects to meet the market demand. Administrative staff liaise between faculties and Central Management to ensure the implementation of policies decided by Central Management and to maintain coherence of operations. Central Management requires the transformational leadership in order for them to lead both faculty and administration under their institutional mission and directions and to deploy resources in a way that mobilises the institution to accept and work toward achieving their goals. In today's university, the interface between faculty and administration has given rise to tensions in the internal market due to conflicting expectations of their roles: faculty members strongly defend their autonomy and yet administrative staff exercise aggressively their fiduciary duties.

Consequent to funding councils' instigation of more institutional review, universities have created additional administrative offices to monitor academic activities. 'The Administration' is seen by other groups as a distinct segment in the university. As an increasing number of cadres of professional experts join the administration, a separate set of roles and interests emerge around which separate definitions of the situation form. As mentioned in Section II.4.2. of HKBU's case write-up, the University instituted an Academic Quality Support Section and the Research & Postgraduate Studies Section to monitor teaching and research activities, respectively, based on guidelines prepared by these administrative offices. The Central Management has led the university in the way that institutional structure and functions are modified in accordance with his interpretation of what the Funding Councils expect. Prior to the Grants Committee initiating the Teaching and Learning Quality Process Review (TLQPR) in 1994, HKBU appointed a former HKCAA staff member to head a section in that regard (with the current name of Academic Quality Support Section) and to act as the secretary to committees for quality assurance of teaching as well as deployment of Teaching Development Grants initiated by the UGC for 1995-98. Favourable comments in the recent TLQPR on HKBU reaffirm Central Management's inspiration and foresightedness. However, the change of institutional culture to becoming more bureaucratic has invited somewhat ambivalent working attitude from constituencies at the 'grass-roots'. Institutional adaptation to these changes is an important issue warranting further exploration.

## **II. Adapting to Changes in Transitional State**

Becher and Kogan (1992) examine the internal responses to external environmental changes and propose an equilibration of the dichotomy of normative and operational modes. Because

*"...when norms and operations become, for whatever reason, significantly out of phase, this will usually give rise to changes in belief or practice designed to restore normal functioning" (ibid., p.130)*

until an equilibrium can be re-established. Becher and Kogan (*ibid.*) regard this equilibrium as a dynamic process whereby higher education in general undergoes incremental adjustments due to the “bottom-heavy” (Clark, 1983, p.234) nature of its system. This “grass-roots innovation” (*ibid.*, p.235) instigated by basic units of the academic system is a crucial form of organic changes in Becher and Kogan’s (1992) model. Those radical changes, on the other hand, are mostly instigated by influences external to specific academic enterprises by means of boundary roles that are spread throughout the operating levels. Clark (1983) ascribes these boundary roles as managerial offices that specialise in contact with the environment, such as admissions, public relations, and grant offices in universities. The extent to which tension arises in the process of achieving equilibrium between modes of norm and operation depends on types of changes and how they are carried out. When strategies for change are coercive, rational and persuasive, the decision maker is under the assumption that the system is tightly coupled

*“in which new policies and practices can be straightforwardly decreed from the top and implemented in a linear managerial sequence.”* (Becher and Kogan, 1983, p.132)

But it is agreed that higher education systems are loosely coupled (Becher and Kogan, *ibid.*). And, Clark (1983) observes that

*“many top-down reforms have no lasting deposits (because) they do not alter the understructure of actual operations.”* (p.236)

When a system is bottom-heavy, internal constituencies at the grass-roots are key participants in implementing policies and reforms. However, usually narrowly-staked competencies of academics make any shift to new duties and perspectives difficult and sometimes impossible. That is generally so hard to do that it is preferably done by turnover of personnel rather than by exhortation and retraining of existing staff (*ibid.*).

Since its initial inception, Warwick has employed mainly like-minded academics who quickly developed a market orientation so as to build its entrepreneurial enterprise

culture. It is therefore the University's norm where academics bear in mind the demand from potential students when planning academic programmes, and aggressively seek external funds for their research endeavours. In addition, the planning and development of this university has been directed by its founding philosophy of being an intellectual centre and leadership not only linking closely with the local industries but also responding proactively to external environments. Although during the process there have been conflicts between Central Management and some academics who strongly advocate academic independence from the influences of industry (Thompson, 1970), this philosophy has indisputably differentiated Warwick from many others as a market-oriented enterprise. Its ventures through the EIG have generated funds from alternative sources for achieving academic excellence. The Sunday Times (Ellis, 1997) listed Warwick at the fourth place in Britain's "Ivy League" table, following Oxford, Cambridge, and Imperial College of University of London.

In contrast, whilst many of its faculty members from the old college time have limited capability for conducting academic research, HKBU has imposed more stringent performance evaluation criteria on faculty members as the University. It has aimed to improve its status and reputation in research since the early 1990s when preparing for re-designation to university status. Following the UGC's incentives in the late 1980s of improving research capabilities of universities, Central Management responded to this demand of the customer by a) adding a new post of Pro Vice Chancellor to oversee research activities and resources deployment, b) establishing committees under Senate to oversee research-related issues and affairs, and c) treating research outputs as almost *the* sole performance indicator for the promotion exercise of faculty members. The institutional climate has changed to an extent that academics who are not active in research activities eventually resort to resignation. Since 1994, although not an explicit policy for faculty recruitment, the University employs only those with PhD qualifications and an acceptable track record of publications.

The collegial model characterises the process whereby proposals for change in terms of academic programmes for example are in most cases initiated from individual



departments. In contrast, the model of bureaucratic 'managerialism' is typified by directions from Central Management. The co-existence of these two models prompts tension between management and individual faculty members. The most evident case is JMU where Central Management is attempting to operate a top-down approach. The University experiences a high level of internal tension due to its marketing organisation's lacking appreciation of the inherent liberal tradition in academic thinking. The fact that the Development Office not only took part in formulating the Vision for the Millennium but also played an important role in talking with staff about the importance of marketing and this document since it was made public in 1994 gives rise to an increasing level of tension between the new administration of this marketing organisation and the internal market of stakeholders who hold a strong belief in liberal education. The research findings on the faculty's perspective and of those who are in charge of academic affairs reveal discontent with the current chain of command which is considered to be a threat to academic autonomy. Those who have direct responsibilities for marketing and quality assurance functions, on the other hand, express enthusiasm in respect to the changing institutional culture.

Compared to other case universities, HKU is an elite and old established university. Since the end of the Second World War, the university has been the government's flagship of higher education for producing graduates to meet the labour market demand in Hong Kong. It has enjoyed handsome public funding with a high level of autonomy in the internal affairs. When Vice Chancellor Wang Gungwu arrived in 1986, he had a vision for the university to be transformed from a teaching institution to a research university. He and his senior executives worked mainly with the General Purposes Committee (GPC) and Academic Development Committee (ADC) to develop the university's research capacity under a complex collegiate structure with a series of resources deployment plan to assist junior academics and new recruits to develop their research capabilities. In addition, Vice Chancellor Wang took the leadership to undertake a systematic reform of resources management whereby resources allocation procedures are devolved to the departmental level in 1992. As indicated by Professor Wang (1992), this reform allows

*"less need to refer to central authority for permission to make changes in response to (market) needs as perceived at the departmental level." (p.3)*

Meanwhile though, the University introduced ways to ensure the accountability of individual teaching department heads. The current Vice Chancellor Cheng Yiu-Chung has taken up a even more active leadership role since joining HKU in 1996. By anticipating contraction of funds from the UGC, Professor Cheng re-centralised resources deployment institutional-wide immediately after assuming office by, first of all, implementing a cross-the-board budget cut from the existing earmarked block grant and then allocating this amount of money saved back to research projects through bidding on the basis of quality of the proposal. Professor Cheng promulgated another radical move which was to evaluate the efficiency of university's operations by an external consultant. He initiated this process from the administrative offices of registry and estate management. Clark's (1983) postulates that many radical changes are instigated by boundary roles of managerial offices which are spread throughout the operating levels. According to the stipulation of both Clark (*ibid.*) and Becher and Kogan (1992), an increased level of tension between the three segments in the internal market may result from radical changes in an institution. It would be interesting to follow up, in this context, the impact of Professor Cheng's approach of institutional review exercise.

When a university is in the process of re-evaluating its competitive position in the marketplace, and attempts to implement market-oriented strategies for its long-term development, a certain level of anxiety and resistance inevitably arises among staff in that institution. Maassen and Potman (1990) suggest that the institution's internal stakeholders should adopt strategic thinking with a market orientation. As discussed in Chapter Three, this research adopts the framework of institutional entrepreneurship (as depicted in Figure 3-5) to examine progression of this institutional change of operational philosophy.

## **II.1. Progression of institutional entrepreneurship**

Central Management in all the case study universities is encouraging the establishment of research centres for external research and/or consultancy projects and these centres are well publicised in institutional publications. Table 9-1 lists percentage distributions of the income portfolio of individual case study universities in 1995/96.

**Table 9-1 Percentage distributions of the income portfolio in 1995/96**

	<b>Warwick*</b>	<b>JMU*</b>	<b>HKU**</b>	<b>HKBU**</b>
<b>UGC Block Grant</b>	30.7	53.3	60.9	69.5
<b>Tuition Fees</b>	21.9	29.6	9.9	18.2
<b>Research Grants &amp; Contracts</b>	14.7	2.7	2.1	3.1
<b>Endowment</b>	2.0	1.0	10.2	5.2
<b>Other Income</b>	30.7	13.4	16.9	4.0

\* Source: HESA Reference Volume - Resources of Higher Education Institutions 1995/96

\*\* Sources: annual reports and financial reports from individual case study universities

Warwick stands out as a university relying the least on Funding Councils for its resources. Its EIG monitors university-wide income generation activities undertaken by the basic units which include business enterprises (such as the Arts Centre, the Science Park, and Residential Training Centres), student recruitment offices (e.g. the International Office) and academic research and consultancy units. Individual units are able to operate with high degree of autonomy but are considered accountable for EIG's integrated annual budget and strategic plan.

In contrast, public funding attributes a major source of income for the other three case study universities. Although HKU has a number of centres, they operate more independently and autonomously without being closely scrutinised by Central Management in terms of their capability of generating income. Kadoorie Agricultural Research Centre, for example, focuses more on research activities. Poon Kam Kai Institute of Management, on the other hand, engages more in income-generating training and consultancy programmes. Both JMU and HKBU seem to have a similar

pattern of income distribution. HKBU is, in comparison, in a stronger financial situation because the Hong Kong government has invested in its capital development projects (the fund is included in the category of other income). In addition, the figure reflects a better position of HKBU in its development campaigns. Due to its historical background, HKBU's Central Management used to adopt an entrepreneurial approach in fund-raising and other marketing activities.

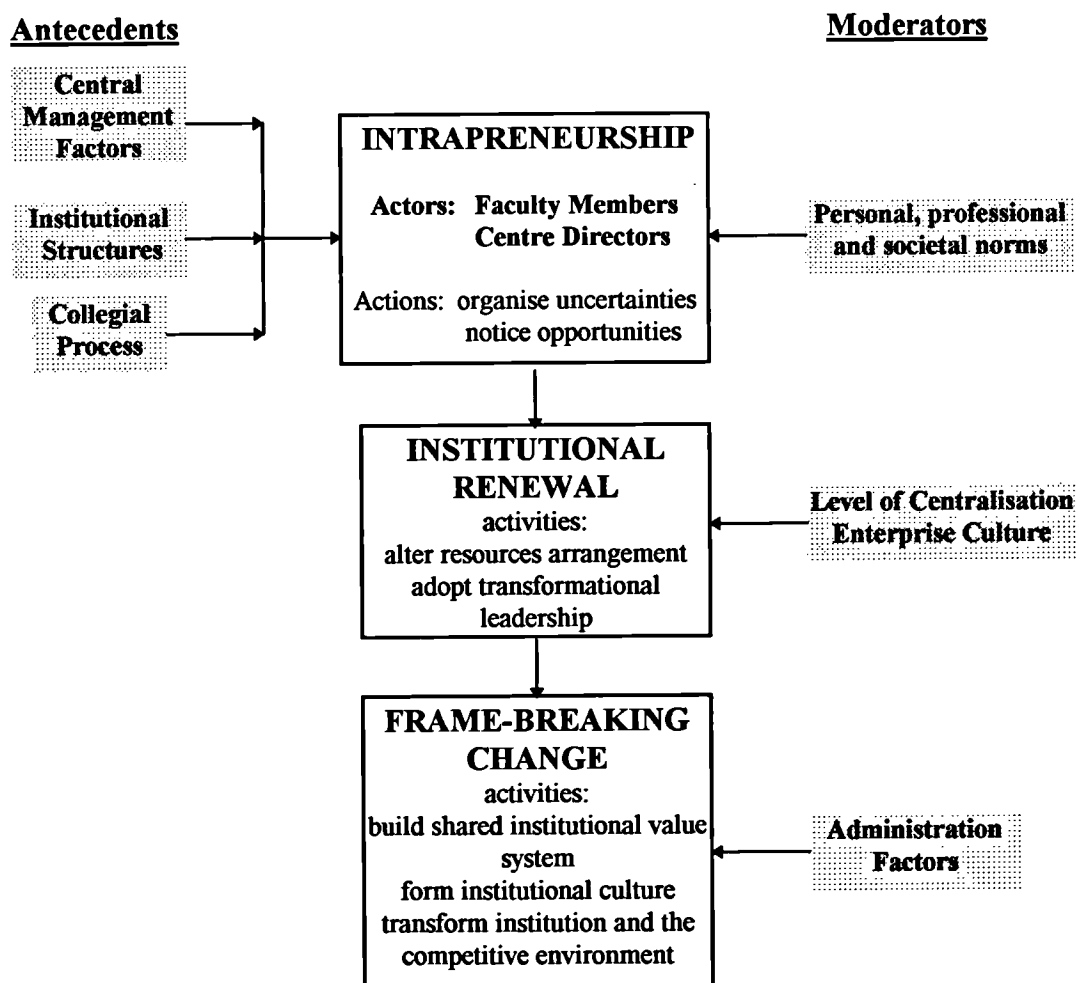
In these cases, Central Management plays an important role in facilitating intrapreneurial activities. In addition to research centres, new courses and modes of delivery are developed as a result of faculty members' response to environmental changes. The bureaucratic collegium of academic operations resulting from the recent trend of increasing regulatory and institutional control also facilitates intrapreneurship which may or may not develop into an organisational renewal, and eventually bring about frame-breaking changes (as shown in Figure 9-1).

At the individual level, faculty members seek to realise their personal goals which link closely with concerns to maximise job satisfaction (Becher and Kogan, 1992). In addition to institutional norms and collegial process within the institution, faculty members' role expectations are in the process of constant adjustments of their personal norms to conform with norms of the professional reference groups that they are associated with and the prevailing social, economic and culture values of their external environment at large. There have been apparent differences among various disciplines in terms of level of interest and success in their entrepreneurial ventures. Warwick's business school and manufacturing group have been more successful ventures than their science counterparts. Similar outcomes were observed with JMU's performing arts, HKU's business and education, and HKBU's business and communications.

When facing keener competition, academic leaders in case study universities attempt to institute new policies to encourage institutional renewal. For example, HKU's Vice Chancellor advocated in 1992 a devolved system of faculty-based block cash grants calculated on the basis of principally student unit costs. The management of the

resources rests on departments with the hope to have these basic units respond to market changes more efficiently. This re-alignment of managerial responsibilities reflected the leader's effort in cultivating an institutional 'entrepreneurial' culture. The following Vice Chancellor basically reversed this system to becoming a more centralised system when he took office in 1996 and anticipated a contraction of public funding. In either case, level of centralisation and enterprise culture moderate institutional renewal. As discussed in Chapter Three, a common means for initiating the change is alteration of resources allocation.

**Figure 9-1 Antecedents and progression of institutional entrepreneurship**



JMU's Vice Chancellor instigated frame-breaking change university-wide by instituting an official marketing organisation to integrate centrally the planning and implementation of market-orientated strategies. In addition, Toyne (1994) directly communicates his Vision for the Millennium to all members of staff. However, the market-led philosophy, the new marketing organisation, and the overall strategies for 'frame-breaking' changes have given rise to internal tension. Some interviewees from academic Divisions view those marketing initiatives from the Office differently.

One senior administrator argues:

*'The role of marketing in the strategic plan is not much. There is not much of a strategic plan either because the government policy for the next three years is that we shall not grow. The only area where marketing can contribute is with part-time courses...'*

Another expressed reservations on the actual contribution of marketing strategies:

*'the problem is that we still receive a very high level of public funding. So although we know there is a demand... but the government is capping higher education and preventing any further growth... Therefore, the use of information from market survey is poor compared to other industries or business.'*

The coercive way to organisational innovation seems less effective with a higher propensity of prompting internal tension as in the case of JMU.

Administration has been shown in HKBU's case as an effective means for Central Management to enforce policies in transforming a strong Christian institution to a public university with more liberal religious principles. Assembly has represented HKBU's Christian tradition since the foundation of the university. When en route to becoming a public institution which could carry with it public accountability, the University has continually been under tremendous pressure from some members of Central Management and the majority of students to change its format and name. Beginning from the academic year of 1996-97, Assembly becomes a General Education course which is operated in collaboration with CityU. This 'frame-breaking' change was made possible by administratively re-designing the programme

and re-structuring some administrative offices for monitoring the progress of this programme.

## **II.2. Marketing and institutional entrepreneurship**

As learning organisations, universities-in-transition ought to respond proactively to changes in the external environment and customer demands, marketing's analytical, humanistic and integrative competencies (referred to Figure 3-4) contribute to an integrated market intelligence system at the institutional level, internal marketing of customer-oriented philosophy institutional-wide, and marketing functions for effective student recruitment programmes as well as in-process services quality, respectively. Some of the activities at offices in charge of management information system (e.g. Warwick's EIG-Registry, JMU's Development Office, HKU's External Relations Office, and HKBU's General Administration Office) could be expanded strategically to encompass an integrated market intelligence system at the university level. Integrated marketing functions institution-wide identify viable target segments based on institutional positioning and planning for integrated marketing communications to these segments. When individuals and/or basic units attempt to proactively plan for their projects and programmes, these integrated functions not only facilitate basic units and/or individuals to undertake their entrepreneurial activities more efficiently but also allow the resources to be deployed more effectively. These marketing-oriented behaviours of internal stakeholders would be encouraged by means that are devised in accordance with marketing's humanistic competencies, such as staff-oriented personnel policies and institutional distribution channel of information.

Furthermore, in response to the competitive environment, academic leaders are adopting transformational leadership in guiding the institutional renewal in their respective universities. The Jarratt Report (1985) specifies the vice chancellors as chief executives who should collaborate with lay members of council and their senior management teams to pronounce objectives of the university and that the power of individual departments should yield to more corporate planning. However, observations of JMU identify with Clark's (1983) and Levine's (1980) view that too

high a level of centralisation of the authority is likely to be less-effective than that of a well mediated institutional network. Arbitrary change of enterprise culture dictated by the chief executive has been shown to give rise to internal tension which may result in low morale and personal commitment to the university.

The frame-breaking change in a university should entail building a shared institutional value system and forming an institutional culture that is new to the internal stakeholders to an extent that the change transforms both the institution itself and its competitive environment at large. During the process, whilst administrators exercise their fiduciary duties in ensuring the institution's appeal to values of public service ethic, they also play major roles in advancing frame-breaking changes through management methods, internal marketing functions, and planning and control procedures. As postulated by Becher and Kogan (1992)

*"the administrators' role has become more important as the power of academic units and individuals has been subordinated to institutional norm setting, planning, modes and controls." (p.75)*

Among the case study universities, JMU has started a revolution of institutional operation from the 'frame-breaking' stage. The Central Management initiates frame-breaking change with a very much top-down approach. Respondents in the University claim that many of the key decision makers and those who actually execute the agreed plans have little sympathy or comprehension of the higher education context wherein a university operates. Their lack of understanding of the academics' traditional liberal thinking has created speculative and, more seriously, hostile attitudes of academics toward the business oriented philosophy of Central Management. Academics at JMU seem not ready for the abrupt change of institutional culture and a strongly administratively-driven bureaucratic system.

In contrast, Warwick begins to build its 'entrepreneurial enterprise culture' from the basic units. The devolved system of resources allocation and personnel planning facilitates individual departments to undertake market-oriented activities when opportunities arise. Alternative sources of income allow the university to undertake



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various ventures that are valuable for the betterment of the institution but might not be supported by public funding. One example is the £10 million Warwick Research Fellowship Scheme promulgated in 1994/95 for enhancing research competencies university-wide. This scheme has been recognised and imitated by other institutions (Targett, 1995). Warwick also began with a top-down approach which in the early stage did invite fierce criticisms (E.P. Thompson as an example), however, its devolved institutional structure and the EIG's operating system reinforce autonomy and accountability of internal stakeholders. As the university considers academic success as the end, Central Management treats itself as both a 'venture capitalist' and a 'central banker'. In addition, the University strategically recruits only those with a high level of academic credentials to be its major players in administration in order that these senior administrators can appreciate the faculty's value system and be respected by their academic counterparts.

As higher education in Hong Kong is more centrally regulated, institutions have less room to manoeuvre than their British counterparts. After the UGC devolved the authority of academic programme planning to the institutional level and expected them to be responsible with their own profit-and-loss, faculties in HKU have since 1994 taken initiatives to organise interdisciplinary programmes to offer promising career prospects. The student enrolment record has demonstrated that a number of these programmes are successful in attracting the most able students. In addition, as mentioned previously, HKU is responding to the discourse of 'lifelong learning' from a central planning level whereby the efforts of SPACE, Student Affairs and faculties are integrated so as to deploy resources more cost-effectively. The current Vice Chancellor brought with him a strong central leadership whose influence to HKU's institutional culture will be seen in the years to come. But, when he first came on board in 1996, he reiterated the importance for all basic units to have a market orientation in their programme planning, packaging, image building, recruitment management and fund-raising activities.

HKBU is well-known for the dominant role of its Vice Chancellor. He has led the university through its struggle from a private college to university status. The Vice

Chancellor's vision basically steers the institutional development through communications with senior academic leaders at biweekly Senior Executive Committee (SECO) meetings. As the University is now mainly funded by the Government, the academic leaders consider the Grants Committee to be the major customer of concern. Consequently, satisfying the demand of this major customer becomes the paramount goal of the university. All the efforts have been dedicated to accomplishing this unwritten goal which often results in either 'institutional renewal' or 'frame-breaking changes'. For example, the UGC (1996) encourages

*"inter-institutional collaboration in teaching, research and planning..."*

due to the reasons that

*"...not only does it offer an opportunity for the better deployment of expensive resources but, at least in some areas, may provide the 'critical mass' necessary for the highest levels of academic achievement, which may not be available in any individual institution." (p.175)*

The Science Faculty of HKBU collaborates with CityU, PolyU, and HKUST to offer a credit transfer system for courses having a declining demand.

### **II.3. Propositions for future study of institutional entrepreneurship**

Figure 9-1 depicts a framework summarising these entrepreneurial activities and their antecedents and moderators. The research findings indicate a desirable sequence for developing institutional entrepreneurship from intrapreneurship to frame-breaking changes (as discussed in the previous sections). The case of HKU demonstrates how Central Management has influenced the collegial process by means of administrative measures and the progression of institutional entrepreneurship. The previous Vice Chancellor of HKU promulgated a devolved system of faculty-based one line budget to increase the level of autonomy and, in the meantime, accountability of basic units in responding to market changes. This policy encouraged intrapreneurship. Its current Vice Chancellor, on the other hand, has centralised control of resources planning and deployment although stressed market-orientation at the basic unit level. This

management philosophy seems to be similar to that of JMU whereby frame-breaking changes are pursued with a top-down approach. It will be desirable for future study to examine the implication of this change of leadership style at HKU on its internal market and institutional culture. This framework attempts to provide a foundation for future studies that are for systematic development of a theory of institutional entrepreneurship for universities in transition. Suitable measurements are therefore required to be developed and these propositions to be empirically tested. The taxonomy of supplier/user relationship re-visited in the following section then provides the university a tool for integratively evaluating its overall positioning and programmes and then planning for the future.

### **III. Integrative Framework for Strategic Marketing Management**

Higher education in the UK and Hong Kong in the mid-1990s faces a major change in its structure and values. In the UK, the system has become mass and the values of universities have evolved to become more commercial-minded and market oriented. Some elitist values, include Scott's (1994) idea of "intimacy" experienced in an elite university and Wagner's (1995) claim of the commitment to intellectual rigour, scholarship and the exchange of ideas, remain in the higher education community. Consequently, whilst individual universities plan for their future and, in turn, re-arrange their organisational structure according to changes in the external environment, many of these changes have not been matched by appropriate internal changes of values, purpose and activity. The researcher also postulates in Chapter one that the current higher education system is one of mass in size but the elitist values remain.

JMU has been shown as an example of one that has a clearly "visible" marketing organisational structure but with most apparent internal tension due to insufficient time provided for commercially oriented values of managers in the marketing organisations to equilibrate with the norm of liberal education and traditional elitism

values accustomed to other internal stakeholders. Strategic marketing for higher education therefore encompasses issues for both external and internal environments where the paradigm of internal marketing for cultivating 'entrepreneurial enterprise culture' works beyond merely improving customer services after purchase as those in business.

Warwick, on the other hand, has been well known for its 'entrepreneurial enterprise culture' and its senior management has prided itself that

*"Success in the external world also feeds back into the university in throwing up more pragmatic, and less conventional ways of dealing with problems and a more direct and more realistic approach to university development as a whole... willingness to attempt new things represent a better policy than caution, cut-backs and academic conservatism."*  
(Shattock, 1990, p.6)

However, under the new leadership, this university once criticised as "Warwick University Ltd." and "The Business University" (Thompson, 1970) is being developed

*'... to be one of the best universities in Britain. (And)...the biggest single enterprise at Warwick is a classic traditional, high quality, undergraduate teaching programme. .... This is a university (emphasised by the interviewee). It's designed primarily to teach 18-21 years old. We have put a lot of emphasis on that in the last 3 or 4 years. That is our main business. ... It's not a business, it's a university (again, emphasised by the interviewee). And it's very successful I think in teaching and research and those are the things in which we engage in.'*

It is reported that Warwick is able to achieve an average A level of A-A-B at the student entry level. According to a senior administrator,

*'the Vice Chancellor considers Admissions as an important office now for student recruitment because he thinks that Warwick does not need to promote itself as it used to be. It is now on top of the league table and is a prestigious university nation-wide. Students are under keen competition in order to enter Warwick. Only the best ones can make it.'*

It is therefore argued that academic leaders continue to prefer to develop their respective universities or programmes toward the 'Apprentice' quadrant of the integrated framework of M.A.P. (Management According to Positioning which was illustrated in Figure 3-2). This suggests that basic values have not changed as much beneath the surface as on the surface.

### **III.1. Applicability of the integrated M.A.P.**

As discussed in Chapter Three that near the monopolistic 'star' position in the quadrant of 'Apprentice' allows institutions and/or programmes to attract the most able students whilst retaining the tradition of liberal education. Warwick's achievement of its prestigious position in the league table does direct its concentration to, according to the senior leader,

*'teach primarily 18-21 year olds. That's its role... A 2+2 programme of flattening the access is still on going... but it's a very small number of people... because we don't have any problems attracting students. I mean we think our problem is that it is very difficult to justify the access entry, the gains, the demands that are placed on it by young people.'*

In other words, Warwick does not concern too much today about the marketing issues of accessibility or affordability for the student segment. Its brand image enables the University to obtain favourable funding from the funding councils and high demand from the industry for its graduates and other scholarly services. It is not surprising that the University has placed a high priority on marketing to donors to capitalise on its reputation. Two new offices, namely Public Affairs and Development Office, were added to focus marketing functions for donors' activities in 1995 and 1996, respectively.

However, market forces may seem to be beyond the control of the university. For example, the Law School of University of Hong Kong (HKU) which has been the flagship of Hong Kong higher education for many years has enjoyed this 'star' position for decades. The shift of sovereignty and economic power to China has instigated changes in regulatory policies and transitions in national economy. The

position of this school has recently slid to the 'Client' quadrant where it faces competition from programmes offered by those institutions which have closer collaboration with China. In other words, when market forces start to emerge but within a confined frame of governmental regulations, these forces form a synergy with the power of the State. The State dictates as a 'monopsony buyer' of higher education services so as to create a strong external impetus for dislocation of either the institution or its programmes on this M.A.P. The current macroenvironment and the national economic productivity further force the tension among state, market and academic in Clark's (1983) triangular model becomes more overt. Many other programmes of elitist universities may very well drift to the 'Client' quadrant later, if not yet, and be exposed to competition with rivals in a quasi-market economy like other conventional universities due to demographic, labour market demand, and/or socio-economic drift. Nevertheless, take HKU's Law School as an example again, if HKU had anticipated this change and proactively established networks and collaboration with its PRC counterparts in the earlier stage of this progression, it is very likely that the school could have retained its 'star' position.

JMU, at the other extreme, has experienced difficulties in recruiting students to a number of its programmes. It is therefore observed that the University concentrates most of its efforts in improving accessibility, affordability and availability of their programmes to expand target segments of student prospects to fulfil the quota agreed by the funding council. JMU's brand image places it in a disadvantageous position in attracting research funds from the funding councils. Consequently, the University is compelled to seek alternative sources of income from donors and industries. Central Management relies heavily on a formal marketing organisation, namely the Development Office, to centralise planning and execution of marketing strategies for the target markets of students, donors and industries.

Most universities now are expected to explore additional target segments for providing lifelong learning opportunities to the labour force. The UGC (1996) in Hong Kong stipulates in its Report that

*“...(for) the roles of the individual institutions ...what may be the most significant agents for change likely to affect their balance of activity in the next decade - the growth of through-life education...” (p.124)*

HKU explicitly promotes lifelong learning by integrating continuing education with its mainstream higher education. The latter effort has been to facilitate structural and operational collaborations between its School of Professional and Continuing Education and other academic faculties. Conventional universities are also seeking ways to broaden their customer base to include those in ‘consumer’ and/or ‘customer’ quadrants in order to prepare for insufficient enrolment or increasing demand for lifelong learning. Warwick’s ‘local admissions scheme’ and ‘2+2 programmes’ are examples of their efforts to broaden access by collaborating with local colleges. HKU is working on improving access for international students, particularly those from Mainland China.

A number of newly-designated universities have experienced difficulties in recruiting either students of sufficient quality standard or a sufficient number of students to its programmes. They are, therefore, compelled to re-consider their positions in the competitive market as a result of the less favourable brand image in reference to conventional elitist universities. As these polytechnics and/or colleges were established, historically, to provide education with a more technical and vocational orientation, a majority of these new universities are in a disadvantageous position in conducting basic academic research and in turn attracting research funds from the funding councils as a result.

The newly-designated case universities of this research, i.e. HKBU and JMU, were forced to have experienced relatively unfavourable treatment from the funding councils due to a less favourable brand image. While HKBU is still trying very hard to fight for a reputable research and teaching status, JMU (1993) sets out in its mission to “open up opportunity for all to fulfil their potential” (p.3) and to seek ways to promote their programmes in the quadrant of ‘Client’ to other student segments. With its ‘Merseyside’s Objective One’ status, the University is able to explore new

opportunities for co-operative community based initiatives especially in training and retraining.

It therefore depends on the university's decision as to what position(s) it seeks to develop on the M.A.P. so as to determine how its resources be deployed. When the university has more initiatives not funded by government, it is then compelled to explore alternative sources of income to sponsor these initiatives. When universities-in-transition attempt to attain an improved market position, a better understanding of the landscape of their competitive environment should provide them with insights of relative positioning of institutions and their respective programmes for strategic planning.

In Hong Kong, changes in universities' roles have been made arbitrarily. The previous UPGC (1992) in its report, *Higher Education in Hong Kong*, clearly stratifies conventional universities as being the research institutions, polytechnics being the vocational training institutions, and two colleges being the liberal arts teaching institutions. Although this role stratification was abolished in the official document after re-designation of polytechnics and HKBC to university status in 1994, the UGC (1996) expresses its concern about the conformist roles identified by individual universities, particularly those new ones:

*"All institutions of higher education have ambitious aspirations for their future role, ranging over making more financial profit, widening their subject coverage, or being associated with a major scientific breakthrough. All of these goals are individually laudable but, taken collectively over the higher education system, the totality may not make much sense in terms of the needs of the people of Hong Kong. For example, most institutions, and the individual members of academic staff in them, would like to be renowned for world class research, which is quite impracticable in terms of intellectual, capital and recurrent resources. Rather fewer of them have ambitions to be renowned for world class teaching, which is entirely practical and of much more value to Hong Kong." (p.123)*

This advocacy echoes Clark's (1983) warning against conformity more than a decade ago that



*"...the public enterprises need the internal diversity that allows them to relate to many publics. The state may mandate similarity across a set of institutions, or institutions may voluntarily converge on prestigious models, or make common cause with similar institutions to avoid risking their revenge on a prideful deviant. Yet, even in state-supported sectors, this "safe" game has its own set of dangers. When a general turndown occurs, the nondistinctive institution has no special claim on resources other than a fixed place in the budget. ... Various public authorities may be inclined even to attempt to reward those campuses that reach for distinctiveness rather than remain in a comfortable uniformity." (p.85)*

However, the funding formula and the public's perception continue to favour conventional research universities. It is not surprising that, despite the Government's aspiration, the leaders at HKBU assert their determination to develop the University into a 'balanced teaching and research' university. This assertion may adversely impact on the University's long term development by not being able to differentiate itself from other contenders for public funds. Instead of improving the holistic package of products and the entire production process as depicted in Figure 3-8, HKBU continues to comply with guidelines of the funding council's teaching and research assessment exercises by instituting stringent administrative procedures for internal auditing. Many of these procedures force conformity and consequently suffocate innovativeness and advancement of planning for programmes and their delivery, which are in fact the essence of higher education according to the liberal school of thinking and are essential for intrapreneurial spirit in universities-in-transition.

Recently, the newly-designated universities suffering from a less favourable image are again compelled to re-think their strategies for attracting good quality and quantity of students. JUPAS in Hong Kong has promulgated a major change of its recruitment procedures which will negatively affect HKBU not only in the quality of its intakes but also the entire process of recruitment. In the past, eligible secondary school leavers submitted a list of programmes and institutions according to their preferences prior to the A-level examination. The less self-confident students would select firstly the ones that they consider having better chances to get admissions. In 1996, a number of students who got good A-level grades ended up in a tertiary college. Starting from

the academic year of 1997-98, applicants are given an opportunity to re-arrange their selection priority after the announcement of A-level results. During an internal committee meeting that the researcher joined, serious concerns were raised by chairs of those programmes with low demand. Some academic leaders suggested Central Management to consider formulating a policy for accepting applicants with alternative certifications and to explore more part-time postgraduate segments.

In Britain, the funding mechanism has imposed a cap on student recruitment and a growing amount of their living costs to be contributed by students either directly or through borrowing from the student loan scheme or other means. Some elite universities may charge top-up fees to generate more income when they are able to offer good quality 'product package' with a reputable brand image. They may utilise a portion of this income to supplement those able but needy students in the form of scholarships. These institutions continue to offer their full-time students nation-wide with an individual learning experience but with relatively little innovation in course structures, curricular content and teaching and learning strategies. Others, however, attempt to attract students by innovations in course design and delivery, such as the modular credit system and a multi-site delivery system that provide convenient locations for their customers. Because of the radical changes to the funding system, many of these institutions find themselves in situations where less public funds available due to their poorer brand image compared to that of those elite universities, and yet, they are in desperate need to maintain quality in order to attract a wider band of student clientele who are mostly part-time.

With a thorough understanding of the external environment and the internal market, including its internal stakeholders' competencies, Central Management is well advised to utilise the integrated M.A.P. to seek their university's own competitive position(s) and programmes so as to plan their resources generation and effectively deploy these resources in accordance with their selected academic programme portfolios which are determined by variables of market potential and current market share. Both Warwick and HKU have a competitive advantage in the institutional image and resources for them to continue to develop 'star' programmes and research capabilities. JMU, on

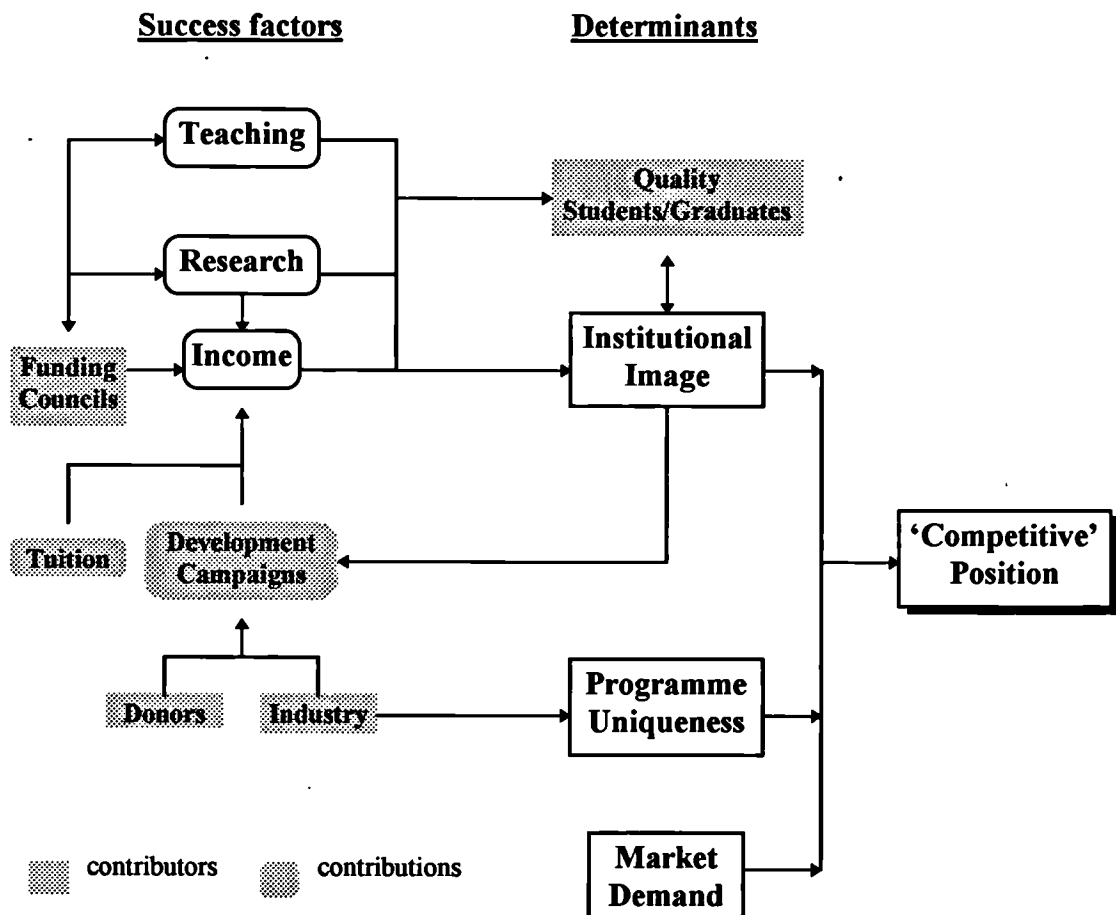
the other hand, may deploy its resources in a portfolio including some 'star' undergraduate programmes, such as in the area of performing arts, and lifelong learning programmes with different modes of delivery. HKBU is different from these three institutions in that it does have a team of academics who are dedicated to quality teaching which also entails a reasonable level of academic research. Although the University's historical struggle in terms of its resources and status has restricted the scale of development of this institution, its current challenge is, however, for the leaders to firstly determine its competitive edge and secondly to deploy resources to areas of concentration in accordance with the institutional priority in a series of stages of development. The integrated M.A.P. for the University's entire academic programme portfolio is to be constructed after a thorough analysis on strengths and weaknesses of HKBU. The conformity in offering academic programme portfolios has been argued to be less desirable from the view of funding councils and a strategic perspective. In HKBU's case, differentiation is the key to success.

### **III.2. A working model for developing a 'reputable' university**

It is a contemporary trend for universities to explore opportunities for entrepreneurial activities and to expand their target markets for their services. However, by nature, they differ from other agencies that provide professional training, education and/or consultancies. Universities are in a unique position to produce cultivated citizenry and to contribute to the nation's broader socio-economic and cultural development. Today's rapid environmental changes together with the accelerated momentum of market-oriented forces are compelling universities to evolve. The case studies conducted by the researcher have reflected a perpetual phenomenon that students for degree programmes, may that be mainstream higher education or in the lifelong learning mode, are attracted to 'reputable' universities providing quality services that meet the market demand. Such services entail academic programmes, their delivery, research outputs, students and graduates. Figure 9-2 is a proposed working model, which requires further testing, that integrates the possible success factors for universities to attain a 'reputable' image, as research or teaching institutions. This

framework includes unique programmes with market demand to be key determinants for attaining a 'competitive' position in a higher education context. Each of these elements is essential for the overall success of 'Higher Education'.

**Figure 9-2 Proposed framework for developing a 'reputable' university**



The term 'Research' in the model encompasses both basic academic and empirical research that contributes to keeping teaching materials updated for, particularly, those professional disciplines. Industry's involvement in the programme planning is desirable when market-orientation is adopted. Whilst 'Teaching' and 'Research' have a direct impact on 'Institutional Image', 'Income' is definitely a facilitator for

activities of these two categories. External research grants from funding councils and/or industries serve as one source of income for the university. Other important sources of income are from student tuition and development campaigns. Sources of student tuition are suggested to be categories by the four quadrants of M.A.P. so as to identify contribution of each category to overall resources of the institution. This evaluation of 'sales analysis by product line' provides management with valuable indicators for institutional development of programmes which are planned by means of product/market analysis of programme uniqueness and market demand. In turn, marketing strategies for each quadrant can therefore be determined based on institutional missions and goals, positioning, competencies, and resources.

Elite universities with research capabilities are in a favourable position to attract public funding and quality intakes who are later to be processed to becoming quality products with high market demand. Different from these conventional universities, newly-designated universities carry with them the polytechnic tradition of conducting empirical research with vocational applicability. These universities are in the dilemma of whether to develop themselves to become 'research universities' to compete for research allocations from funding councils or 'teaching universities' which offer programmes with a competitive edge. Without an effective policy to cultivate a research culture, faculty members' efforts at excelling themselves in research and scholarly endeavours could be piecemeal and, in the meantime, detrimental to their service quality in terms of students' contact time and consultation. Or, some universities' administration adopts a strict fiduciary role to ensure internal procedures for teaching quality comply with guidelines of the funding council with the hope that the university might be able to attain positive feedback from the funding council's teaching assessment exercise. Whether these procedures actually reflect the quality of teaching has been questioned by some respondents.

Warwick has attained a reputable image as a research university and has successfully attracted public funding with its research ratings. Research activities involved are both academic and professional and some of them have immediate practical significance. However, HKU continues to be perceived as a successful teaching

university with increasing emphases placed on its post-graduate programmes. Regardless, both of them recruit quality intakes and produce quality graduates who are in high demand by the labour market.

In contrast to these two conventional universities, JMU focuses its effort in developing research only in order

*“to enhance the delivery of quality teaching and learning environments for our students; a limited number of special ‘research excellence’ centres will be established.”* (Toyne, 1994, Action 4)

The researcher has observed internal conflicting views while conducting interviews at JMU, particularly those from the senior management level, with regard to the significance of research to overall university development. The findings demonstrate that lack of synchronised research effort at the institutional level would adversely affect the brand image. Although claiming to be a ‘balanced teaching and research’ university, HKBU’s management, on the other hand, has not been able to formulate an effective policy to cultivate a research culture which does not compromise teaching excellence. Nor has there been effective training and development programmes planned or implemented for academic staff. The promotional campaigns and publicity exercises for HKBU have not proven to be helpful in attracting best qualified students. The most recent (97-98) recruitment exercise for undergraduate programmes suffers a negative publicity of being the university admitting highest number of students with A-level results below standard.

In terms of income generation, successful alumni of HKU have contributed significantly to the University’s development campaigns over the years. Warwick’s success attributes mainly to its strategies with regard to its entrepreneurial activities, in particular, those research outputs and scholarly activities. As public funds will contract for the coming triennium, HKU is starting to explore possible entrepreneurial activities more aggressively. One activity reported in the case study is in-service training provided for professional bodies in Hong Kong. Both JMU and HKBU have also built an organisational structure to facilitate their development campaigns. It is a

tough fight for both institutions due to their down market brand image. Whilst 'Teaching' and 'Research' have a direct impact on 'Institutional Image', 'Income' is definitely a facilitator for activities of these two categories. In turn, 'Institutional Image' determines the level of support from potential donors and industries. Insofar as donations from alumni, build a bond between alumni and their alma maters it becomes an important task. In this case, all the case study universities have shown their concerns with the learning experience of their students in the production process. However, it could be interesting to see whether this occurs more generally.

In addition to institutional image, programme uniqueness and the market demand for that programme contribute to its ability to compete. In some cases, the university's programme can become a 'star' independent of its institutional image. For example, HKBU's European Studies is a very successful course in terms of attracting the most able applicants and producing desirable graduates for industry. This is the only university-level course purposely designed to meet the increasing demand for graduates working in or with European companies. Its delivery mode, a four-year sandwich course, has proven to be effective in producing graduates with viable competencies. The other example is JMU's Liverpool Institute of the Performing Arts which liaises with the Liverpool media industries to create an axis of international excellence by expanding co-operation across Media, Electronic Engineering and Management.

All the universities have some programmes in the 'Customer' quadrant of the integrated M.A.P. that are mostly self-funded. Profit maximisation (or at least break-even) and customer satisfaction are bottom-line performance indicators which resemble closely other enterprises in a business environment. Market forces directly influence the planning of these commercially-oriented programmes. Despite the recent trend of business enterprising in higher education, a number of elitist universities continue to retain operations of continuing education as independent entities from mainstream higher education.

The integrated M.A.P. seeks to provide a diagrammatic representation of institutional programmes in their entirety. It is suggested that management should integrate marketing communication effort and resources planning institution-wide in order for these commercially-oriented programmes to capitalise holistically on what the university can offer, such as strategically planned locations for classes and co-ordinated course content and delivery. In addition, publicity and image building are both valuable assets for all programmes offered.

### **III.3. Future research on the integrative framework**

Universities today, both conventional and newly-designated, are evolved to providing higher education to a number of different types of prospective student. As the competition becomes keener, there is a trend for universities to establish formal marketing organisations for income generation-related activities, such as public relations, development campaigns and student recruitment. Some universities also are starting to explore more aggressively possible entrepreneurial activities. The proposed integrated M.A.P. seeks to provide universities with a tool to evaluate holistically their academic programme portfolio, and to deploy resources without losing sight of higher education's inherent role of social responsibility and public accountability. A mapping of many more individual universities is required to deduce a generalisation of how this integrated M.A.P. can be utilised and in what categories of institutions and/or programmes. The structural construct for developing a reputable university, on the other hand, is to serve as a foundation for universities to systematically develop their strategies based on analyses with the integrated M.A.P. As the objective of this research is theory construction rather than theory testing, this framework requires further extensive research to empirically test the propositions.

### **IV. Concluding Remarks**

The moment of completion of this thesis is truly historical. The Labour Party in Britain won the election in May 1997 after the Conservative Party had been the ruling



party for almost twenty years since 1979. The Dearing Report (1997) maps out the future of higher education for Britain, the learning society. Hong Kong was re-united with China on 1 July 1997 after one hundred and fifty-six years of colonisation under the British rule. Although the official policy paper on higher education is still in progress, the message from the Chief Executive of the Hong Kong Special Administrative Region (Tung, 1997) clearly indicates the objective of education is

*“to develop in young people an inquisitive mind, communication skills, the quest for knowledge and the skills for mastering new information and learning how to learn.” (p.4)*

Previous research and discussions on strategic marketing for higher education have had a narrow focus on strategies at the operational level. The study has examined the management issues of universities in this transitional state in the context of changing macro-environment. The constructs deduced for developing institutional entrepreneurship and ‘reputable’ universities require further empirical testing. Research is a perpetual process whereby renewed concepts emerge and sometimes newer ones emerge. These concepts and theories hardly constitute a revolution from the existing conventional wisdom. Universities are at the crossroads of searching for self-identity and ways to assure their continued existence. Business principles of strategic planning and management may apply, but their application requires contextualisation.

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